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NEWS SUMMARY

GENERAL

Israeli jets strike back

As security around Israeli targets in London was being tightened yesterday after Sunday's attack on an El Al bus in Mayfair, Israeli warplanes pounded two Palestinian bases south of Beirut.

At least three people were *killed and 14 wounded in the* dawn raids by Israeli jets, staged in retaliation for the Mayfair machine-gun attack in which two people died and nine were injured.

Both Israel and El Al has criticised Britain's security arrangements, condemning restrictions imposed on Israelis by the police. A massive security operation was staged at Heathrow as yesterday's first El Al flight arrived from New York. Back and Page 4

President dies

South African President Nicolaas Diederichs died in Cape Town, after a series of heart attacks. He was 74.

Van in ambush

A council workman died and seven others were injured in a machine gun attack on their van near the County Fermanagh border, outside the village of Belcoo, Northern Ireland.

Sub slips tow

The crippled Soviet submarine, which was being towed round the north coast of Scotland with a Soviet escort, slipped her tow and headed for Russian naval headquarters at Murmansk under her own power.

Gun raid fails

Security men hid inside their locked and reinforced van in east London until hooded gunmen abandoned an attempted raid.

Death toll rises

The death toll in the cinema fire caused by saboteurs in Abadan, Iran, has risen to 430. Some suspects have been arrested. Pages 4 and 12

Search spreads

Frogmen and mounted police joined in the search for missing newspaper delivery girl Jeanette Tate, 13, *whose bicycle was found* abandoned in a country lane on Saturday near Aylesbeare, Devon.

Hua welcomed

Chinese leader Hua Kuo-Feng received an emotional welcome from President Tito when he arrived in Belgrade, Yugoslavia, from Romania. Page 3

Row over play

Miss Caryl Churchill, author of a play concerning IRA bomber William Gallagher, said that an injunction may be taken out against the BBC, which proposes to screen the politically censored play tonight against her wishes.

Student vigil

Students staged a vigil round a *statue of their patron saint* Wenceslas in Prague to mark the tenth anniversary of the Soviet-led invasion into Czechoslovakia.

Briefly . . .

U.S. Air Force F-5 aircraft crashed in the North Sea off the Danish coast.

Entertainer in Quebec was strangled by one of his snakes during a cabaret performance.

Some 60,000 supermarket workers in Southern California went on strike over pay.

Strong tremor rocked western Argentinian provinces, but caused no casualties.

Indian army has rescued more than 50,000 people marooned by floods.

Prague workmen found three dead men at the bottom of a distillery vat.

Communist guerrillas killed five policemen in Manila.

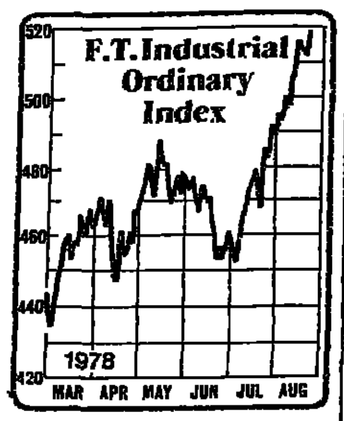
Sussex police were trying to trace the parents of a baby girl found in a Haywards Heath telephone kiosk.

BUSINESS

Equities up 6.3; Gilts ease

● EQUITY markets attracted some public buying interest, and the resulting rise in industrials pushed the FT Ordinary index up 6.3 to 519.2.

In Frankfurt, the Commerzbank index rose 5.3 to 823.4, its highest for eight years, but in Hong Kong, profit-taking curbed the recent rises in the Hang Seng index which closed 23.12 down at 657.00.



● GILTS eased after coming under fairly aggressive selling early in the day, and the Government Securities index fell 0.28 to 70.45.

● STERLING fell 1.45 cents to $1.9285, and its trade-weighted index was unchanged at 63.3. The dollar's depreciation narrowed to 8.9 per cent (9.7).

● GOLD fell $4¾ in London to $205¼.

● WALL STREET was 7.88 down at 888.95 just before the close.

● UK remained the world's second largest earner of net invisibles in 1976, with a surplus of $6.4bn ($4.2bn). The U.S. surplus was $18.2bn against $13.6bn. Page 5

● INDUSTRY SECRETARY is to be asked to check cheap special steel imports from Europe, following an NEDO study which showed that the UK steel industry's complaints were justified, and that damage to independent steelmakers could result unless action was taken. Back Page

● CIVIL SERVANTS leader has criticised the Government's Phase Four pay guidelines policy as inadequate and unrealistic. Page 7

● SPAIN'S consumer prices rose by 2 per cent in July, the biggest monthly increase this year, according to Spanish Government provisional figures. Page 2

● FARMERS in England and Wales are harvesting the biggest cereals acreage since the Second World War, with 3.6 per cent more land under grain than last year. Page 21

● BRITISH COAL INTERNATIONAL, the consultancy wing of the NCB, is close to negotiating a £50m contract for UK companies to expand the coal industry of a South American *country.* Back Page

● ALCAN ALUMINIUM (UK) has announced an average 8 per cent increase in some aluminium products.

● BOCM-SILCOCK'S use of loyalty discounts to merchants dealing with compound animal feedstuffs is to be studied by the Monopolies Commission. Back Page

● DOME PETROLEUM is believed to be about to take over Siebens Oil and Gas in a deal worth nearly C$400m (£180m). Back Page

COMPANIES

● GENERAL ENGINEERING expects a pre-tax loss of up to £0.75m for the first half of 1978, although turnover is expected to increase from £2.6m to £4.5m. Page 15

● AMALGAMATED METAL Corporation taxable earnings for the second quarter rose from £1.46m to £3.13m, lifting profit for the first six months to £5.79m (£4.19m). Page 14 and Lex

U.S. ready to step up action to support currency

BY JUREK MARTIN, U.S. EDITOR, Washington, August 21

The U.S. Central Bank and the Treasury are ready to "escalate" action to support the dollar *if market conditions demand it*, says Mr. William Miller, chairman of the Federal Reserve.

It would be a mistake to allow "uncontrolled market forces" to drive down the dollar, he told the New York Journal of Commerce newspaper in an interview given last Friday and published today.

The currency was already undervalued "on the *basis of the* fundamentals" which were already beginning to show improvement.

"A further degree of constraint" on the domestic economy would be needed to *help* strengthen the dollar. This, he said, would prove "bitter medicine."

An early announcement of additional measures did not appear today to be in the offing. President Carter is on holiday for the next two weeks, as are the two senior men at the Treasury, Mr. Michael Blumenthal, the Secretary, and Mr. Anthony Solomon, whose responsibility is international monetary affairs.

The Treasury said today that staff were studying various policies. The Department was "encouraged" by the improvement in the dollar evident in the markets today following its rally in New York late on Friday.

Options

Mr. Miller, in his interview, outlined several options. He mentioned larger sales of U.S. gold reserves, sales of Special Drawing Rights (SDR's), expanded swap lines with foreign central banks, possible sale of foreign currency-denominated U.S. Treasury bonds, tougher anti-inflation policies and *administrative action on oil* imports.

But these, he said, constituted "nothing new under the sun." The purpose was to find the right combination and timing of such actions to serve the purpose without undesirable side effects.

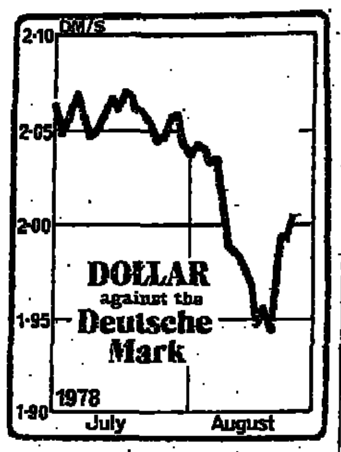
Mr. Miller acknowledged that if the U.S. did not act "there will be tremendous pressure for the Organisation of Petroleum Exporting Countries (OPEC) to think of a solution, either through increased prices or through a shift to another form of payment."

An indication of this pressure was reported today by Middle East Economic Survey, which quoted Sheikh Yamani, the Saudi Oil Minister, as saying that the *Kingdom* might favour a series of small and graduated oil price increases in coming months.

Such steps, he is reported to have said, could be designed to minimise the impact on the western industrialised economies.

On the domestic economy, the Fed chairman said that "capital controls, credit controls and wage and price controls are not called for and wouldn't work."

But he would not rule out introduction of guidelines on wages and prices.



Dollar well ahead

By Peter Riddell, Economics Correspondent

THE DOLLAR yesterday rose to its highest level against most other major currencies for more than a fortnight, in contrast to its steep fall earlier in August.

The rally began at the end of last week following President Carter's intervention and the subsequent rise in U.S. *short-term* interest rates.

Trading conditions remained nervous yesterday. After sharp early gains in Europe in the morning, the dollar fell back slightly in late afternoon, when the New York market opened, but closed well up on the day.

Trading was described as more active than at the end of last week but was still relatively thin. Earlier profits have now been taken, and foreign exchange dealers appear reluctant to commit themselves to new positions in view of uncertainty how long the recovery will last.

Scepticism

Although last week's moves by the U.S. administration have been welcomed, there is still scepticism ahead of any further action to strengthen the currency.

The dollar yesterday rose to DM 2.0200, its best level for over a fortnight, before coming back to close at DM 2.0050, compared with DM 1.9910 on Friday.

Similarly, the U.S. currency also finished somewhat below its best, though well up on the day, *against the Swiss franc,* at SWFr 1.6675, against Sw Fr 1.6375 before the weekend, and against the yen, at Y192.90 against Y188.50 on Friday.

The recent rally has taken Continued on Back Page

£ in New York

—	Aug. 18	Previous
Spot	$1.9426-9475	$1.9650-9700
1 month	0.46-0.38 dis	0.56-0.50 dis
3 months	1.30-1.24 dis	1.38-1.32 dis
12 months	4.60-4.50 dis	4.65-4.55 dis

Meriden and Kirkby face new problems

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE LAST two surviving workers' co-operatives set up by Mr. Anthony Wedgwood Benn when he was Secretary for Industry three years ago are now facing fresh financial problems which could endanger their future.

At the Meriden motorcycle co-operative near Coventry there is thought to be concern that, unless management and other changes are introduced, it will be unable to meet interest repayments due to be made to the Government next year.

Meanwhile, the Kirkby Manufacturing and Engineering Co-operative on Merseyside has also failed to produce profits.

It is now urgently seeking new sources of funds to allow it to meet recommendations on developing its engineering business contained in a recent report prepared by PA Management Consultants.

Neither co-operative is in immediate danger because Meriden has sufficient motorcycle orders while there is no sign that Kirkby's banker, the National Westminster, is about to withdraw its credit arrangements.

But Ministers who have been consulted about the problems recently have shown no interest in providing new large sums of State aid.

Expertise

In April last year, when Kirkby was given an £860,000 Government grant on top of nearly £4m it had received in 1975, Mr. Eric Varley, Industry Secretary, indicated that it was the last tranche the co-operative would need.

The last Meriden rescue was launched 18 months ago, when the co-operative was making a loss. A temporary package put *together by Mr. Harold Lever,* Chancellor of the Duchy of Lancaster, led to GEC providing a £1m credit facility and managerial expertise. Earlier, GKN had provided expert managerial help.

Since then, progress has been made towards making the operation viable. But it is questionable whether sufficient profits will be generated in the coming months *to start interest repayments to* the Government on a £4.2m loan next June when repayment of over £1m deferred interest also falls due.

Immediate

The political question of whether to waive the payments or grant a further extension will therefore *confront* whichever Government is in power early next year.

Meanwhile, the co-operative which has a 600-strong labour force, may try to generate profits by strengthening its management and the obvious place for it to turn for help would be to GEC and GKN which helped it before.

The financial problems at Kirkby are more immediate although the PA Management Consultants report, prepared earlier this year, mapped out a prosperous future for the venture if certain changes were introduced.

As a result, the production of fruit drinks and night storage heaters has been abandoned and the co-operative is concentrating on make central heating radiators.

It has nearly 10 per cent of *the UK radiator market and also* produces air conditioning equipment and does metal presswork.

Opposition

Some recommendations in the report, such as strengthening general commercial management expertise and hiring a marketing specialist, have not been implemented. There have also been reports of low productivity.

The financial arrangements proposed by the consultants depend on the co-operative's raising fresh equity because of Ministers' expressed reluctance to invest more Government money.

The co-operative is understood to have had talks with financial institutions and industrial companies and is still hoping that it will find a backer.

There is considerable opposition in Whitehall to both ventures because of the way they were rescued by Mr. Benn against the advice of his senior Industry Department civil servants.

But Meriden, which is the last motor cycle manufacturer in Britain, is regarded more sympathetically than Kirkby which does not have a clear product identity.

Supporters of the general development of workers' co-operatives also regard the two enterprises, which rely more on State funds than on worker investments with some disfavour.

Plutonium dust inquiry starts

SIR EDWARD POCHIN, the radiologist, is to visit the Atomic Weapons Research Centre at Aldermaston, Berkshire, tomorrow, to begin his two-month independent investigation into the plutonium dust contamination of 12 workers there. Yesterday he studied papers relating to the incident. His report will be submitted to Mr. Fred Mulley, Defence Secretary, who will decide, on security grounds, how much can be made public.

EEC illegal immigrant directive under fire

BY RICHARD EVANS, LOBBY EDITOR

A EUROPEAN *Community draft* directive which proposes penalties on employers of illegal immigrants is severely criticised by a committee of MPs in a report published yesterday.

The Commons Select Committee on European Legislation, which sifts all legislation proposed from Brussels, says the directive raises questions of legal and political importance and should be considered by Parliament before acceptance.

The MPs add that the Commons might also wish to "express its dissatisfaction" that the proposals, which had been withdrawn for further consideration by the European Commission, appear almost unaltered in the new draft sent to member nations.

The *stage therefore appears to* be set for a confrontation between the Westminster Parliament and the European Commission headed by Mr. Roy Jenkins, former Labour deputy leader.

The draft directive, which seeks to reduce illegal immigration and illegal employment in the community, would impose penalties, including the possibility of imprisonment, on those who organise or participate in illegal immigration.

In an earlier report, the Select Committee said that controls at the place of work were generally undesirable and MPs drew attention to the fact that the requirement for a member state to act against an employer knowingly employing an illegal immigrant would mean the creation in the UK of a new criminal offence.

It was argued that a "new and undesirable departure" would follow from the introduction of imprisonment as a penalty for serious cases as in the past member countries had been free to determine the means used to enforce EEC directives.

In addition to the retention of the criticised provisions, the new draft removes the safeguard that those involved in illegal *immigration* and employment could be subject to penalty only if they took part in these activities knowingly. This aspect is also criticised by the MPs.

The draft directive is one of four which the Select Committee believes raises questions of legal and political importance which need further consideration by Parliament before acceptance.

Thomson Organisation extends oil and gas activities to U.S.

BY SUE CAMERON

THE THOMSON Organisation is extending its oil and gas activities to the U.S. by forming an onshore exploration and acquisition partnership with Monteith Minerals, a privately-owned American company.

Thomson said yesterday that the partnership marked the "*first step*" towards putting its oil and gas operations on an international basis. The move comes less than a month after the company merged all its U.K. interests with the Thomson family's North Sea oil interests under a Canadian holding company.

Until now the Thomson Organisation has had no oil or gas interests outside the North Sea *although Thomson family* companies have a small drilling prospect in North Dakota.

The new Thomson-Monteith concern will concentrate on onshore oil and gas exploration in the U.S. and it will also seek opportunities to buy onshore production companies.

It will be led by Mr. Edward Monteith of Monteith Minerals, a new U.S. company which has *no production interests and* which is essentially a vehicle for Mr. Monteith's activities. The expertise for Thomson-Monteith will come partly from Mr. Monteith himself, who has worked on the financing of oil and gas operations with both the International Energy Bank and the Republic National Bank of Dallas, and partly from the Thomson Organisation's own North Sea staff.

Thomson *said it had made* only a small initial investment in the new partnership, as had Monteith Minerals, but more cash would be injected as and when suitable opportunities arose.

Mr. Ian Clubb, managing director of Thomson North Sea, said Thomson felt that oil and gas was an "attractive area to be in." He said the U.S. had considerable appeal because entry costs for oil and gas exploration and production were comparatively cheap — certainly less costly than for the North Sea. *Initial onshore costs were also* cheaper than those for offshore work.

Thomson Petroleum Holdings, a newly formed American company, will hold the Thomson Organisation's interest in the partnership.

More air delays likely

BY DAVID WHITE PARIS, August 21.

ANOTHER WEEKEND of air traffic hold-ups throughout Europe appeared a virtual certainty tonight as French controllers dug in for a further battle over pay and conditions.

Air traffic controllers at the main centres of Athis-Mons, near *Paris, responsible for all flights* through northern France, and Aix-en-Provence, responsible for the south-east, voted in favour of resuming their work-to-rule over the coming weekend.

Controllers at Brest, Brittany, have shown similar resolve and those at Bordeaux, where industrial action has been going on the longest, are unlikely to decide differently tomorrow.

A national meeting of representatives of the 2,500 controllers, due tomorrow, will decide whether to pursue the go-slow,

Continued on Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

AGB Research	146	+ 12
Adwest	288	+ 12
Aeronautical General	81	+ 10
Allebone	29	+ 4½
Assd. Dairies	258	+ 11
Bambers Stores	130	+ 15
Bonser Engineering	41	+ 5
Bourne Hollingsworth	280	+ 18
Costain (Richard)	236	+ 6
Distillers	201xd	+ 4½
Electrocomponents	560xd	+ 15½
Gripperrods	60	+ 6
ICI	410	+ 8
Marks and Spencer	92	+ 4
Mersey Docks	35½	+ 3½
Morrison (Wm.)	96	+ 4
Norton and Wright	210xd	+ 7
Pilkington	644	+ 21
Ricardo	305	+ 42
Stanley (A. G.)	148	+ 9
Unigate	65	+ 3
Victor Products	202	+ 6
Walker (J.)	118	+ 15
Wholesale Fittings	212	+ 14
BP	904	+ 18
Siebens (UK)	390	+ 26
Guthrie	370	+ 12
Barymin	57	+ 5

FALLS

Treas. 8½pc '82	£91½	− ¼
Treas. 15½pc '98	£124¾	− ½
Blyvoor	342	− 17
Buffels	923	− 30
Vaal Reefs	£15	− 1
West Drie	£23¼	− 1¼

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For latest Share Index 'phone 01-246 8026

هكذا من الأصل

EUROPEAN NEWS

Spanish consumer prices increase by 2% in July

BY ROBERT GRAHAM

MADRID, August 21.

CONSUMER PRICES in Spain rose by two per cent in July, according to provisional estimates from the National Institute of Statistics. This is the biggest monthly increase this year and is a disturbing sign that the Government's attempt to hold down prices is being eroded.

The main increase came from foodstuffs, which rose by 3.8 per cent against the previous month. Traditionally foodstuffs increase during the summer months but the increase appears to be unusually high.

For the first three months of the year, inflation was held steady and on an annual basis was running at 14 per cent below the target of 15 to 16 per cent. However, in April there was a sharp acceleration but then in May and June the inflation rate fell back well within Government guidelines. This enabled the Government to complete the half year with an inflation rate, computed on an annual basis, of 15 per cent. If the rate had been higher, wage agreements could have been revised under the terms of the Moncloa Pact, the package of political and economic measures agreed last October by the main political parties. Thus the more sceptical observers see the sudden spurt in prices in July as the result of holding up certain price increases until the end of the first half of the year.

The Government now faces an uphill task in meeting its target of holding inflation down to 15-16 per cent for 1978. Many manufacturers and shopkeepers take advantage of the end of summer to raise prices. More importantly, the Government is committed to increasing the prices of a number of key items like industrial fuel, electricity and steel before the end of the year.

Air traffic strikers vote on escalation

PARIS, August 21.

FRENCH air traffic controllers, whose weekend go-slows have disrupted the holidays of thousands of tourists, will decide tomorrow what action to take following inconclusive talks with the Government on pay and better working conditions.

Controllers at one of France's four traffic centres voted today to take a hard line at tomorrow's meeting. They are proposing a new go-slow, of the type which has caused chaos across European air lanes several times this summer, informed sources said.

The decision to propose a new work-to-rule was taken by controllers at Aix-en-Provence. It will be put before their colleagues from Paris, Brest and Bordeaux when delegates from the four centres meet here tomorrow.

Informed sources said a new go-slow might be fixed for the end of the month when the number of flights bringing northern Europeans home from holiday will be particularly high.

A similar action took place at the start of the month when much air travel over West Europe was virtually crippled.

● Ramstein, West Germany, August 21—A U.S. Air Force F-5 aircraft crashed in the North Sea off the northwest coast of Denmark today, a spokesman for the European headquarters of the American Air Force here said.

Search and rescue aircraft were sent to the scene of the crash but no information about the plane's crew was immediately available.

The plane, based at Alconbury, England, was taking part in a training exercise when it crashed. Reuter.

President Scheel will not return to party politics

BY JONATHAN CARR

BONN, August 21.

WEST GERMANY'S President Herr Walter Scheel, has made clear publicly for the first time that he will not return to party politics. His statement squashes mounting speculation that he might eventually take up again a leading role with the Liberal Free Democrat Party (FDP), which suffered severe setbacks in recent provincial elections.

In a television interview, Herr Scheel said since he became President he had tried to be neutral in matters of party politics and he felt he could not turn partisan again when his period of office was over. He was ready for further tasks at home and abroad as an "elder statesman"—but only on a non-party basis.

It was Herr Scheel who took the FDP into coalition with the Social Democrats (SPD) under Herr Willy Brandt in 1969, forging a government alliance which—with other leaders—exists to this day. He was elected President in May, 1974, shortly after the resignation of Herr Brandt as Chancellor.

Particularly since the FDP was driven out of the state legislatures in Lower Saxony and Hamburg in April, there has been growing private criticism of the leadership of Herr Hans-Dietrich Genscher, Herr Scheel's successor as party chairman. Last week Herr Juergen Moellemann, an FDP deputy, publicly stated that Herr Scheel was "so impressive a personality" that efforts should be made to win him back to party politics when he stepped down as head of state.

While Herr Scheel's presidency has been praised for energy and fairness right across party lines, the likelihood of his being elected for a second term next year are held to be small.

The President is elected by a federal convention which groups representatives from both the Lower House of the Federal Parliament and the provincial state parliaments. Since the 1974 election, the federal opposition Christian Democrat-Christian Social Union Parties have gained a theoretical majority in the convention against the SPD-FDP. It is felt likely that they will vote in one of their own number, unless there is a major change in party alliances before then.

Norwegian offshore oil output up

OSLO, August 21.

NORWAY'S OFFSHORE oil fields produced 9.7m tonnes of crude oil in the first seven months of this year compared with 7.2m tonnes in the same period last year, the Directorate for Oil said.

Production of natural gas from the Ekofisk Field was 5.2m tonnes of oil equivalents, and from the Frigg Field 1.7m tonnes of oil equivalents. No comparative figures for the same period last year were available. Reuter

Aliens Bill presented to Swiss Parliament

By John Wicks

ZURICH, August 21.

A NEW ALIENS law, the d… of which has been presented … Parliament by Switzerland's governing Federal Co… would provide that, after … years' continuous residence … the country, foreigners … have a right to extension … their residence permits.

After 10 years' residence … less or more in certain case… aliens will be entitled … domicile rights.

However, foreign employ… who have not been in Switz… land for five years will h… their residence permits … newed only if no Swiss citiz… domiciled alien or alien wi… five or more years' residen… can be found to carry out t… work in question under norm… conditions of employment.

Also, should there be … major drop in employment … the country as a whole, … individual regions or … individual sectors of t… economy, the Governme… would have the right to li… the entitlement to automa… permit renewal of aliens re… dent in the country for fi… years.

The Bill, which is wide… criticised in Switzerland f… not going far enough to i… prove the situation of forei… workers, provides for a co… tinuation of the season… worker category, while leg… lating against misuses of th… category which have be… current.

Seasonal permits will … future, if the Bill becomes la… be granted only for up to nin… months in a given year and … the case of seasonal industri… such as tourism or constru… tion.

However, seasonal worke… present in Switzerland for 3… months in four consecutiv… years will be entitled to … residence permit, and thi… period can be lowered by th… Federal Council as long as th… principle of stability of th… foreign workforce does no… suffer as a result.

The law would improve th… legal position of aliens in … Switzerland and their situa… tion with regard to human … rights. This includes a righ… to political activity, which ha… hitherto been considerably … restricted.

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West German car production up 5% in first seven months

BY GUY HAWTIN

FRANKFURT, August 21.

WEST GERMAN car production rose by 5 per cent during the first seven months of 1978. 2,326,900 cars and estate vehicles were produced in this period compared with 2,220,865 car and estate vehicles in the same period last year.

Commercial vehicle production has continued to be depressed throughout the seven months. At the end of this period output was 7 per cent down from the 181,930 units produced in the first seven months of 1977 to 168,600 units.

The reason for the commercial vehicle builders' plight is a significant fall in overseas demand for their products. At the end of the first five months of the current year their shipments abroad were 22 per cent below the 1977 totals and there is no real sign of any upturn.

A report on the industry's January to July performance, published by the Verband Der Automobilindustrie (VDA), the industry's trade association, said today that July's production totals were well below those of June. This, however, is not surprising as the holiday period is in full swing at a number of plants in July.

In July the industry's output totalled 286,200 vehicles of all types of which 263,300 were car and estate vehicles. Exports during the month—at 139,000 cars and estate vehicles and 13,700 commercial vehicles—were also down on the June figures.

Exports in the first seven months of the year, however, rose by an overall 3 per cent as compared with the same period in 1977. Shipments abroad rose from 1,193,009 units in 1977 to a January to June total this year of 1,229,400 units.

According to the VDA, domestic demand for motor cars picked up considerably in July after a quiet time in June. The improvement in the home market was also felt by the commercial vehicle makers. In contrast orders from foreign markets remained quiet.

E. Berlin investment curb

BY LESLIE COLITT

BERLIN, August 21.

EAST GERMANY has issued a decree designed to curb "unplanned investments" which are rising at a faster rate than approved investments under the current Five-Year Plan.

The investments' directive has been published in the official gazette and is to become law on September 1.

At a central committee meeting in May, President Erich Honecker, who is also general secretary of the East German Communist Party, criticised the high level of unplanned investments, which are thought to amount to billions of marks.

Herr Honecker said these were a violation of the Plan, which has the force of law in a Communist country, and he suggested that unapproved investments might be regarded as an economic crime.

During the first half of this year, East German investments increased by 3.5 per cent compared with the 2.1 per cent annual rate stipulated by the Plan.

In July the East German party and Government issued instructions to reduce the number of investment projects to be started next year. Instead, more investments are to be undertaken to rationalise production.

The instructions also called for a reduction in the number of uncompleted investment projects which tie up unproductive capital because of construction delays or investment cut-offs. The new decree lays down detailed directions to be followed by factories and planning agencies before investments can be approved.

Future investments are to be undertaken mainly for rationalisation and the renewal of existing equipment. Investment in new construction and equipment may only take place if a number of prerequisites are met.

The new production capacity must be utilised by a number of work shifts, and all possibilities of rationalisation must be exploited. The workforce for the newly created facilities cannot be hired away from elsewhere in the economy, but must have been set free by rationalisation within the factory.

Before the investment for production of a certain item can be made, "uncompromising comparisons must be made with the most advanced international equivalent" of the product in question. Approval for all investment is to hinge on whether the "investment project and the follow-up investments can be included in the economic indicators of the Five-Year Plan and the annual plans.

Da Costa's fate may rest with Communists

By Jimmy Burns

LISBON, August 21.

WITH THE recall of Parliament from summer recess tomorrow, Sr. Alfredo da Costa, the Prime Minister designate will begin to gauge for the first time the level of support among the political parties for the "presidential solution" to the country's government crisis.

And as Sr. da Costa's government nears completion, Portugal's leading parliamentary party, the Socialists, will soon be pressed into deciding whether it should turn the virulent rhetoric of the past week into concrete action—*namely* to back a motion of rejection directed at Sr. da Costa and his government programme. Ironically, the fate of Sr. da Costa's government may ultimately rest less with the Socialists than with the party that has maintained a low profile throughout the four-week-long political crisis, the Communist Party.

The ball was hit squarely into the Communist camp at a Socialist weekend rally when leading Socialists declared that the party would vote against the government only after another party had introduced the motion of rejection.

Neither the Christian Democrats nor the Right-wing Social Democrats (PSD) are likely to introduce such a motion, which would effectively represent a direct challenge to President Antonio Ramalho Eanes, who selected Sr. da Costa.

Meanwhile, the Prime Minister designate is reliably reported to be worried about the ease with which his appointment could create a bipolarisation of political forces. He is believed to be keen to pla ydown the Right-wing image of him created by the media here.

His ministerial appointments so far show a tendency towards continuity rather than controversy. Dr. Jose Silva Lopes, the new Finance Minister, worked closely with his predecessor Dr. Vitor Constancio in three key areas: negotiations with the EEC, the agreement with the International Monetary Fund, and the consequent implementation of a strict monetary policy through the Bank of Portugal.

Significantly Sr. da Costa is leaving the naming of key Ministers in previously controversial ministries, such as agriculture, health and labour, until the last moment, hoping to strike a political balance in all three.

Warm welcome for Hua in Belgrade

BY OUR OWN CORRESPONDENT

BELGRADE, August 21.

CHAIRMAN HUA KUO-FENG, the Chinese Communist Party leader and Premier, arrived here today on what the Yugoslav Foreign Ministry officially described as "a very significant visit."

The 86-year-old Marshal Tito, who last September paid a highly successful visit to Peking, warmly embraced the Chinese leader who was received with full military honours.

The Yugoslav Press has made it clear in a series of *commentaries in the past few days* that Chairman Hua's visit has at least a threefold significance.

It is seen here as a demonstration against Soviet aspirations to hegemony over the Communist world. Further, the Yugoslavs hope that it could mark further progress in establishing the diversity of models regarded as possible for socialist development.

And finally, it is expected to give a new impulse to economic co-operation between the two countries.

Regardless of recent attacks on the visit by the Soviet Union and Bulgaria, the Yugoslavs stress rather than downplay the unique background to this pathbreaking visit.

Everybody here knows that in the 1960s, China was second to none in condemning Yugoslavia as a *symbol of* "treacherous modern revisionism" and that between 1958-1970 the two countries did not even have ambassadors in each other's capitals.

Thus the normalisation of relations between the two countries and their Communist parties is regarded here, and justly so, as a recognition of Yugoslavia's unique internal system and non-aligned foreign policy.

The Yugoslav papers and television report daily about the enormous Chinese interest in the Yugoslav system of economic self-management and administrative decentralisation.

Thus Politika, the leading Yugoslav daily, today carries a lengthy report from its Peking correspondent on how Yugoslavia is regarded as one of China's closest friends and how Chinese television carries *daily reports from Yugoslavia* on events there.

As to economic relations, the value of Sino-Yugoslav trade this year is expected to reach \$200m, twice as much as last year. In the near future a long-term economic agreement is expected to be signed.

Summit talks between the two leaders have already begun this afternoon, in addition to further negotiations involving full-scale delegations from each side. Chairman Hua will also pay visits to the Republics of Macedonia and Croatia before spending the weekend and Monday at Marshal Tito's island retreat on the Adriatic island of Brioni.

Mr. Leonid Brezhnev, the Soviet President, and the Bulgarian Communist Party leader Mr. Todor Zhivkov have just issued a joint statement warning against plotting by unspecified forces in the Balkans, and attacking China in the next sentence.

As Macedonia remains the main bone of contention between Yugoslavia and Bulgaria, Chairman Hua's visit to Skopje, the capital of Macedonia, is awaited with particular interest.

Ceausescu bolsters his independence

BY PAUL LENDVAI, IN BUCHAREST

THE FIVE-DAY visit of Mr. Hua Kuo-feng, the Chinese Communist Party chairman and Prime Minister, to Romania has imposed fresh stresses on this maverick Communist country's difficult relations with the USSR, and served also as a pretext for a series of barely veiled attacks on it by Moscow. But Romanian officials are convinced that President Ceausescu's latest gamble has paid off, and that this first-ever visit paid by a Chinese leader to Bucharest has further strengthened isolated Romania's external position.

In view of the distance between the two countries, and their com*mon* low level of development, it would be unwise to ascribe too much importance to the agreements on trade and economic co-operation signed today or to the setting up of a mixed commission at deputy prime minister level. After all Romania's trade with China was worth in 1976 only just about half the value of its trade with Czechoslovakia, and a little more than a fifth of that with the Soviet Union. Estimates for 1977 (no official figures have yet been released) do not point to a "breakthrough."

Nor are the military ties very significant. Despite frequent exchanges of military delegations, Romania has only bought a dozen-odd patrol and gun boats from China. Western observers have so far no reason whatsoever to assume that China is willing to provide, let alone that it has provided Romania with nuclear arms. Furthermore, neither the Romanians, nor the Yugoslavs have forgotten the late Premier Chou En-lai's warning a few years ago that "distant waters cannot extinguish fires."

Why then has the Chinese visit caused so much Russian anger, which in turn has worried the Romanians themselves? Evidently, the Soviets regard Chairman Hua's tour of the Balkans as in itself an affront, if not a challenge in a traditional sphere of influence of theirs. After President Ceausescu met the Soviet President Mr. Leonid Brezhnev in the Crimea just a week before the Chinese visit, the Romanians were surprised at the vehemence of the increasingly frequent direct and veiled Soviet attacks. The Romanian and Russian leaders "agreed to disagree" and the atmosphere of their one-day talk was "urbane and civilised," a highly-placed Romanian source told me.

Chairman Hua impressed Romanian observers as a distinctly "virile" person compared to the ageing Soviet leadership. As one high official put it: "He may well be around even in 20 years."

Thus the Romanians did not take the Soviet warnings lightly. When Chairman Hua arrived in Bucharest in the morning of August 16, Scinteia, the Party newspaper, devoted three full pages and eight pictures to the great events. By Friday, however, the Romanians got worried and forced the Chinese to issue a "Press communique" about the ending of the official talks, originally envisaged for Monday.

Chairman Hua was dispatched to visit tractor plants, shipyards, tourist resorts and collective farms. At the same time, however, President Ceausescu and the entire Romanian Party leadership paid a much-publicised visit to a consumer goods exhibition which had actually already been opened three weeks earlier. The television newscast in the evening contained 16 minutes about the Presidential visit to the exhibition—but only four minutes about Chairman Hua's travels in the countryside.

And on Sunday Scinteia displayed six photos of Mr. Ceausescu and his wife inspecting the exhibition, as against a mere two of Chairman Hua touring Constanza shipyard.

To the Romanians and to foreign observers, all this was an unmistakable sign of changed priorities. After all, President Ceausescu two years ago accompanied Mr. Brezhnev on his tour of the country. Finally, Chairman Hua obliged his hosts when at the banquet he gave on Sunday night in the huge new Chinese embassy he refrained from using the expression "hegemonism." This phrase the Soviets (and of course not only they) regard as a barely veiled attack on Soviet foreign policy.

However, the toasts proposed by President Ceausescu and Chairman Hua must still have been interpreted by the Soviets as a provocation. The effusive declarations of friendship and mutual admiration and co-operation were made after all as all Soviet bloc papers were attacking China as a threat to peace both in the Balkans and Asia.

Chairman Hua Kuo-feng appeared more and more relaxed as the visit to Romania progressed. He impressed Romanian and foreign observers as a distinctly "virile" person compared to the ageing Soviet leadership. As a Romanian high official put it to me, "he may well be around even in 20 years." The Chairman, after all, is only 57 years old.

What, of course, added insult *to injury in Soviet eyes* was the revelation in a recent Albanian protest letter sent to China that the late Premier Chou En-lai on two occasions—in 1968 and 1975—suggested to Albanian leaders that they should conclude a military alliance with Romania and Yugoslavia. This, of course, poured oil on to the smouldering Soviet suspicions that China has embarked on a strategy of "encircling" the Soviet Union.

According to informed sources, the Soviets were also angry because the Romanians have once again, even if only indirectly, raised the thorny issues of Bessarabia and Northern Bucovina, incorporated into Soviet Russia in the summer of 1940.

Be that as it may, the Romanians are confident that they once again can get away with their independent-minded foreign policy. The Soviets have in fact no levers, short of armed intervention, of enforcing a radical policy change in Romania. This perhaps may well be the main conclusion which emerges from the way in which the unprecedented Chinese visit was handled by the Romanians on the tenth anniversary of the Soviet-led invasion of Czechoslovakia.

Bonn attack on TV reporting restriction

By Our Own Correspondent

BERLIN, August 21.

THE EAST GERMAN prohibition on an accreditated West German television correspondent last week won a sharp rebuke from the government in Bonn today. The correspondent, Herr Lutz Lehmann was told that he could not interview East German writers as this was against the law.

A Bonn government spokesman, Dr. Armin Gruenewald, today described the action as a grave interference with the accord between Bonn and East Berlin on free information and reporting. The West German representative in East Berlin raised the matter with the authorities there last Friday, and Dr. Gruenewald said Bonn now reserved the right to take further steps in the next few days, though he declined to specify them at this stage."

Meanwhile, East Germany today praised the Soviet Union and the other Warsaw Pact countries for sending "military units" into Czechoslovakia on August 21, 1968, and thereby helping the "fraternal Czechoslovak people" to defend socialist achievements.

The East German Communist Party newspaper, Neues Deutschland, said that 10 years ago Western "imperialists" had linked with "counter-revolutionary forces" inside Czechoslovakia which were operating under the guise of "humane socialism" in order to "pry loose Czechoslovakia from the Warsaw Pact."

The "imperialists," according to Neues Deutschland, counted on success at this part of the front in the international class struggle because "difficulties had arisen in the development of the socialist order in Czechoslovakia."

In 1968, East Germany, under its late Communist leader, Herr Walter Ulbricht, felt its own socialist order directly threatened by Czechoslovakia's reformed Communist leadership under Mr. Alexander Dubcek.

● In Prague today Czechoslovak students staged a silent vigil round a statue of their patron Saint Wenceslas in a token protest on the 10th anniversary of the Soviet-led invasion.

The anniversary passed quietly with no clashes reported. A bunch of purple and white flowers was placed at the foot of St. Wenceslas's statue, a focal point of clashes in 1969 on the first anniversary of the invasion. But the flowers were quickly seized by police and dumped in a rubbish bin.

OVERSEAS NEWS

Protesters storm Sydney exchange

SYDNEY, August 21.

ANTI-BUDGET demonstrations in Sydney and Brisbane today erupted in violence with the worst scenes occurring at the Sydney Stock Exchange.

A crowd of about 200 chanting marchers tried to force their way into the Stock Exchange where afternoon trading was underway. Trading was suspended for half an hour during the fracas.

Operators and staff inside the exchange barricaded the entrance with desks to prevent the crowd gaining access. Fights broke out in the street outside the exchange and police made several arrests. Four people, including one policeman, suffered injuries, mainly from broken glass.

The Stock Exchange siege occurred after an anti-budget demonstration at the Sydney Town Hall organised by the Labor Party.

About 5,000 people jammed into the hall to hear the speakers, who included the Labor opposition leader, Mr. Bill Hayden. After the meeting hundreds of protesters marched down the main street of Sydney chanting and carrying placards with slogans such as "Make the Rich Pay."

In Brisbane more than 100 people were arrested after a protest meeting attended by a crowd of about 3,000 voted to hold a street march which led to clashes with a large force of police.

Bid by Fraser to end controversy

By Laurie Oakes

CANBERRA, August 21.

MR. MALCOLM FRASER, the Australian Prime Minister, today made a belated bid to end a controversy which has shaken the Government and seriously damaged his credibility.

He categorically denied an allegation made in "The Bulletin" news magazine a week ago that he had asked one of his Ministers to write a letter casting doubt on evidence that the Minister had given to a Royal Commission.

In Parliament last week, Mr. Fraser and the Minister concerned, Finance Minister Mr. Eric Robinson, failed, despite persistent questioning by the Labor opposition, to give an unqualified denial of the allegations.

However, this created such adverse comment in the media and disunity within the Government that Mr. Fraser's advisers convinced him at the weekend that his "tough it out" strategy was a dangerous one.

The magazine reported that Mr. Fraser had suggested that Mr. Robinson write a letter saying that evidence he gave to the Royal Commission was unsound because it was based on uncertain memory. Mr. Robinson told the Royal Commission—inquiring into allegations about a redistribution of federal electorates in Queensland—that Mr. Fraser had been told on January 17 about the role played by Senator Reginald Withers in altering the name of a seat. Two weeks ago Mr. Fraser dismissed Sen. Withers from his Ministry because the Royal Commission found that the Senator had acted improperly. Testimony that he had been informed of the offence seven months ago without taking action was therefore embarrassing to the Prime Minister.

Mr. Fraser today explained away the Bulletin report by saying: "I asked Mr. Robinson if he was sure of his recollection. I wrote him a note. Mr. Robinson thereafter re-read the transcript of his evidence before the Royal Commission and concluded that in his opinion a note would not add anything to it."

Largely because he waited so long to make it, Mr. Fraser's explanation today has been treated with some scepticism by both the opposition and sections of the media. The opposition intends to move a censure motion on the issue in Parliament this week.

● Mr. Fraser today warned striking telecommunication workers that the Government would not submit to industrial blackmail. He implied that the strike, which has disrupted communications throughout Australia and almost isolated Canberra from state capitals, could be a long one. "I hope that, whatever comes, all Australians will understand that their longer-term interests will not be served by buying a way out of this matter at the expense of principle," Mr. Fraser said.

Temple killings in Malaysia

By Our Own Correspondent

KUALA LUMPUR, August 21.

FOUR MOSLEM Malays were killed and one seriously injured by Indian guards for destroying statues of Hindu gods at a temple over the weekend.

It is not known whether the Malay group were members of any extremist religious organisation or their motives for their act, but the killing followed a spate of incidents in recent months in which Hindu idols in more than 20 temples in Malaysia were desecrated.

The desecration has caused considerable anger among the 1m Indians in Malaysia.

The police, in a statement tonight, confirming the slaying, described the dead as "vandals" but did not disclose their racial origin or religious background.

Israeli jets raid Palestinian camps

BY IHSAN HIJAZI

BEIRUT, August 21.

ISRAELI WAR planes today struck at Palestinian camps here killing three guerrillas and wounding 14 in retaliation for yesterday's attack against an El Al crew in London in which two people were killed.

Two fighter jets made the swoop over Bourj Brajneh camp near Beirut international airport while two others hit the Palestinian-populated town of Damour about eight miles south of the capital.

Palestinian ground defences and Syrian artillery opened fire on the Israeli aircraft but did not hit them. Eyewitnesses said the anti-aircraft fire was so intense that it cut down the effectiveness of the air strike.

All the casualties were at Bourj Brajneh, where a guerrilla communique said a Palestinian PLO was strafed. There were no casualties at Damour, which houses Palestinians who were driven out of Tal Zaatar camp in east Beirut by Christian militia during the civil war two years ago.

Beirutis were jarred out of bed as the Israeli jets struck at daybreak and criss-crossed the skies over the capital. The raid lasted a few minutes but the aircraft remained in Lebanese air space longer.

The terrorist attack in London was carried out by the Popular Front for the Liberation of Palestine, Foreign Operations Branch, which was founded two years ago by Dr. Wadie Haddad, who died last March. Observers said Sunday's attack showed the group, which broke away from the original PFLP, has survived its founder.

The statement issued about the incident said the group intends to continue its actions against the Israeli airline.

El Al was the target of the first-ever attack staged by the PFLP outside Israel, when its commandos hijacked an Israeli airliner to Algiers ten years ago. It is significant that the first operations since Dr. Haddad died was against El Al as well, observers noted.

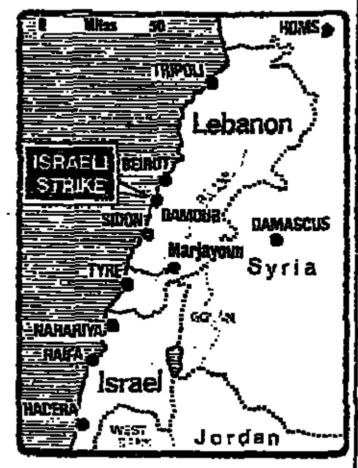
Informed sources said if the group led by Dr. Haddad is continuing operations, it may mean that the international terrorist network which he also used to head may too still be operational. The network included activists such as Ilich Ramirez Sanchez, known as "Carlos," and members of the Japanese Red Army and the West German Red Army Factions.

● Reuter reports from New York: Israeli Prime Minister Menahem Begin has said he hopes President Carter will serve as an "honest broker" at next month's Camp David summit.

Mr. Begin, in an interview in the current issue of Newsweek magazine, said: "My personal advice would be for the United States to fulfil the very useful function of honest broker, and bring the two parties together for face-to-face negotiations.

". . . I do not expect the U.S. to propose a so-called peace plan, because that would be unhelpful. A peace plan should be the result of free negotiations between the two parties concerned."

Mr. Begin also defended his government's policy of establishing settlements on the West Bank. "We openly stand for our right to build settlements and live in them. The settlements are not an obstacle to peace. They are part of our peace plan. I'll say so at Camp David," he said.



Begin considers Sinai pullback

BY L. DANIEL

TEL AVIV, August 21.

MR. MENAHEM BEGIN, Israel's Prime Minister, is thinking in terms of a further Israeli withdrawal in Sinai, if President Sadat agrees to what the Premier calls a partial but permanent arrangements towards peace.

What Mr. Begin reportedly has in mind is a withdrawal towards lines from El Arish in northern Sinai to Ras Muhammed in the south, in exchange for an end to the state of war, a partial normalisation of relations, and the continuation of negotiations on the other outstanding problems, notably the future of the West Bank and Gaza.

This would clearly involve an undertaking by President Sadat that he can "deliver" on the West Bank and Gaza or that he succeeds in bringing King Hussein into the negotiating process.

Normalisation of relations between Israel and Egypt would not include the exchange of official representatives but would permit free movement of tourists, the passage of Israeli ships through the Suez Canal, and commercial exchanges between the two countries.

While the Begin administration has lost at great pains to stress that it does not intend to

Mr. Menahem Begin

conclude a further interim agreement with Egypt, but an agreement which would form part of the overall contractual peace, in fact the withdrawal to the El Arish/Ras Muhammed line would be a logical continuation of the two interim agreements concluded by the previous Labour Government.

Mr. Begin still regards such a "partial permanent agreement" as second best to an overall peace treaty, but is trying to provide for the possibility that no progress can be made on this as of now. Nobody here expects the Camp David meetings to produce a peace treaty but it is hoped that it will give renewed life to the negotiating process.

Faced with Egyptian pressure for a declaration of principles, the Begin administration is also reportedly working on a set of guidelines for such further negotiations. This, despite the fact that it has refused in the past to draw up a set of principles.

Only last Saturday Mr. Moshe Dayan, the Foreign Minister, who is close to this thinking of Premier Begin, stressed that the time had come, not for declarations but for spelling out questions and answers to specific problems, such as the continued presence of Israeli troops in the West Bank and other security arrangements which would enable Israel to make major concessions. But all this still leaves the thorny problems of the Palestinians and of Syria unresolved.

Egyptian Premier 'resigns'

CAIRO, August 21.

EGYPTIAN Premier Mamdouh Salem has submitted his resignation to President Anwar Sadat but will continue in office until it is accepted, the opposition weekly newspaper Al Ahrar reported today.

There was no immediate confirmation of Al Ahrar report.

Al Ahrar, organ of the centre right Liberal Socialist Party, said Salem has told the political bureau of the Arab Socialist Party of his decision and that he would quit politics when his resignation had been accepted.

Salem's party last week decided to merge with President Sadat's National Democratic Party (NDP) which the President decided to form last month.

Al Ahrar said 24 members of Salem's party opposed merging with the NDP and suggested the Arab Socialist Party remain as an opposition group. Salem became premier in 1975 and remained in office when his party won a comfortable majority in the 1976 elections.

Reuter

Widespread condemnation in Iran as country mourns fire victims

TEHERAN, August 21.

THE DEATH TOLL in Iran's disastrous cinema fire set by saboteurs has risen to 430 and investigators said that three employees of the cinema have been held for questioning, newspapers reported today.

The newspaper Etteia'at reported that 53 more people than the 377 officially confirmed had died in the blaze on Saturday night at the Rex cinema in the South-western oil port of Abadan.

It was not known whether more bodies had been dug out of the debris or whether badly burned victims had died in hospital, and Government officials had no confirmation of the higher fatality count.

Other newspaper reports said that as many as 10 people, including three who worked at the cinema, had been detained for interrogation but this was not officially confirmed.

Police and other Government investigators launched a countrywide search for those responsible for the fire, which the official news agency yesterday blamed on saboteurs.

Abadan's police chief revealed that several days before the fire, people carrying explosives in a nearby lane had been arrested along with 10 teachers who had been inciting students to sabotage.

Iran, already tense after several days of anti-government rioting earlier this month and a stroller of attacks on cinemas, Islamic clergy all strongly condemned those who set the fire.

places, appeared numbered by the disaster—one of the world's worst fires in a place of entertainment.

The authorities, opposition politicians, the press and a prominent member of the Shiite Islamic clergy all strongly condemned those who set the fire.

In a message from his headquarters in the holy city of Qom,

Iran after bombing, Page 12

Ayatollah Shariat Madhari deplored the killing of innocent people and said the clergy bore no responsibility.

He added that the clergy planned to make an investigation of their own and would announce their findings later.

His statement condemning the fire as against religion and humanity was significant because of the official explanation for the disaster.

Without explicitly saying so, the officials suggested that the Communist agitators and conservative religious fanatics blamed by the Shah for the earlier rioting were also responsible for the cinema fire.

Some reports said the saboteurs had sprinkled high-octane petrol outside the locked exit doors and inside the cinema itself, and one newspaper quoted the cinema caretaker as saying that he locked the doors to keep troublemakers out.

Abadan buried its dead yesterday and went into full mourning today. Many people wore black and black flags hung from houses and shops.

Many of the bodies were burned beyond recognition and authorities had been able to identify only about 200, newspapers said.

Many victims, including women, children and whole families, were crushed in a stampede for the exits. An official report yesterday said that only 10 people had escaped. Other reports said 723 tickets had been sold for the Persian film "Reindeer," more than 100 people had escaped unhurt and more than 200 were injured.

Cinemas in Tehran and other centres closed in protest against the sabotage and as a precaution against further attacks. Newspapers urged people to stand up and be counted as condemning political violence. The Teheran journal said of the cinema fire: "Like the Baader-Meinhof terror in West Germany, this is pure and simple anarchy."

Reuter

Mobutu to go to Angola

KINSHASA, August 21.

ZAIRE'S President Mobutu Sese Seko today accepted an invitation from President Agostinho Neto of Angola to visit the Angolan capital of Luanda at the soonest opportunity, the Zaire news agency Azap said.

The agency said the invitation was contained in a joint communique published here at the end of a three-day visit to Kinshasa by President Neto.

President Neto's 72-hour visit to Zaire was aimed at sealing improved relations between the two countries following last May's Shaba crisis.

More than 850 people were killed in fierce fighting when rebels, said to have been trained in Angola, overran the mining town of Kolwezi, in Shaba province, last May.

Reuter

Brazilian output

Industrial production in Brazil rose by 6.4 per cent in the first half of this year, in comparison with production in the first half of 1977, Diana Smith writes from Rio de Janeiro. The June 1977-June 1978 increase was 3.3 per cent, with increases in all sectors of industry. The forecast for the 1978 year-end increase is between 6 and 7 per cent. But, with little growth in agricultural production, GDP growth is not expected to exceed 5 per cent this year. The largest increase in production was in the chemical industry

AMERICAN NEWS

U.S. lays down guidelines for fewer air fare curbs

BY DAVID BUCHAN

WASHINGTON, August 21.

THE CARTER Administration has released a series of formal guidelines for future civil air service agreements, so that foreign countries can be assured of "equal treatment," the U.S. Transportation Secretary, Mr. Brock Adams, said today.

Stressing that administration policy was to ensure that "the middle - American tourist and family can travel at fares they can afford," Mr. Adams said the policy statement would serve as a guide in bilateral agreements which the U.S. was now negotiating at the rate of 25 a year.

The statement calls for more price competition on fares, easier charter travel, fewer restrictions on the capacity and frequency of scheduled flights, the initiation of more non-stop international services, and the elimination of unfair and discriminatory practices faced by U.S. airlines.

Mr. Adams said that these aims, informally espoused by the administration for the past 18 months had borne fruit in an agreement with the netherlands in March, in an agreement with Israel last week, and would be followed in negotiations with West Germany in the autumn.

The secretary said he hoped to meet British ministers in London early next month. He gave no indication that the administration was greatly unhappy with the Bermuda II agreement which it signed with the UK last year, although that agreement runs counter in many ways to the new guidelines.

It is, for instance, considerably more restrictive than the U.S.-Israeli agreement on capacity and tariffs. The agreement with Israel allows airlines to compete unrestrictedly on fares, which can only be disallowed by the agreement of both countries.

British officials here regard it as highly unlikely that, after the considerable difficulties in reaching the Bermuda II agreement the U.S. would want to renegotiate it, as long as it is proved to be working.

U.S. officials note with satisfaction that, over the past year, the standard fare for a flight from New York to London has decreased by 44 per cent, from Dallas/Fort Worth to London by 45 per cent, and from Los Angeles to London by 29 per cent. Also, there has been a great expansion of non-stop international services.

But they still rail at what they see as unfair practices at some foreign airports, where for instance, U.S. airlines have to leave the business of loading and unloading their passengers to local monopolies. This, says the administration, restricts the ability of U.S. airlines to compete for business.

Substitute papers appear in NY

BY JOHN WYLES

NEW YORK, August 21.

THREE DAILY newspapers were on sale in New York City this morning, trying to fill the gap caused by the 12-day shutdown of the New York Times, the Daily News and the New York Post.

All three substitute newspapers plan to publish every day except Saturday and are staffed by journalists, photographers and classified advertising salespeople from the struck newspapers. Although impromptu, they are impressively professional tabloids, appearing in issues of between 400,000 and 500,000 copies a day.

First off the mark was the City News, which started publication on Thursday and had mushroomed into a 104-page newspaper by Sunday. The Managing Editor, Mr. Bill Federici, an assistant city editor at the Daily News, said that he was asked to start the paper by Hagedorn Communications, a New York publishing company, and that the response from local advertisers had been extraordinarily strong.

Hagedorn had sponsored a newspaper during the big stoppage of New York newspapers in 1962-63, when the daily newspapers did not appear for 114 days. According to Mr. Federici, the 26-strong editorial team at City News is being paid $500 a week, and the publishers have indicated that they might pay a bonus if the newspaper proves profitable.

Appearing today for the first time is the Daily Metro, the initial capital of which has been increased by an agreement with the New York Post. Mr. Rupert Murdoch, the owner of the Post, who is president of the New York Publishers' Association, has paid in advance to sell 150,000 copies of the Metro through the Post's distribution system in Queen's and Long Island. Mr. Murdoch is said to be anxious to keep the Post's subscribers reading a newspaper. His efforts this year to reduce the number of editorial employees at the Post mean that many of his actions are regarded with suspicion.

But speculation that the Metro is a surrogate Post, or even a potential substitute for that loss-making afternoon paper, have been denied.

Nevertheless, the agreement with Mr. Murdoch and a couple of New York city distributors for the arrangement has enabled the Metro to afford the Associated Press news service, the fee for which is about $10,000 a week, payable two weeks in advance. This has helped broaden the newspaper's coverage, in contrast to its two rivals whose stories are rooted in the city.

The third newspaper, the New York Daily Press, which also appeared today for the first time, contained less advertising than the other two and relied much more heavily on pictures.

The longevity of the three publications depends entirely on the course of the strike by the pressmen at the three established dailies.

The publishers are seeking a new, three-year contract on the basis of a reduction in permanent staff, which the Pressmen's Union has so far refused to countenance.

Alaskan oil pipeline progress

BY DAVID LASCELLES

NEW YORK, August 21.

SOHIO, the big Alaskan oil-producer 51 per cent owned by British Petroleum, has taken an important step towards the building of a pipeline to carry Alaskan oil from California to Texas and the eastern US—but at considerable cost. The absence of a proper terminal and pipeline in California is contributing to the oil glut on the west coast as Alaskan supplies arrive with nowhere further to go.

Sohio announced on Friday that it had agreed to instal $78m worth of anti-pollution equipment at the California Edison plant at Long Beach, the site of its proposed terminal.

This is being done under an unusual arrangement, the first of its kind, whereby companies wishing to build production facilities in the area are required not only to see to their own pollution, but also to clean up somebody else's, thus to leave the area cleaner than before.

In this case, the arrangement involves the largest pollutant in Long Beach, the local electricity works, California Edison.

Sohio is not happy with this arrangement, which not only represents a far bigger outlay than is feels is fair. By its calculations, the company is also committed to removing nine pounds of pollutants from the air for every one pound it emits from its own operations. However, the company greatly needs the terminal as an extension of its Alaskan operations, which are now in full swing.

The arrangement with California Edison has the support of Governor Jerry Brown of California, so Sohio hopes that it will result in the early issue of a permit for its terminal from the local environmental control agencies. But the arrangement is still conditional on Sohio receiving a favourable ruling from the Internal Revenue Service on taxation aspects.

U.S. COMPANY NEWS

General Mills sees record earnings: Lear Siegler bid for Cross. Page 18

Sea law talks restart

BY OUR OWN CORRESPONDENT

UNITED NATIONS, August 21.

THE UNITED Nations Conference on the Law of the Sea began a further four-week session today, with delegates from the more than 145 states expressing high hopes that the progress achieved during meetings at Geneva in the spring would be maintained.

If so, they said, two more sessions were likely to be held next year, aiming at the conclusion of a treaty and formal adoption of it at Caracas in 1980. The first session of the conference was held there in 1973.

Proposed regulations for exploration and exploitation of the mineral wealth of the sea bed in the ocean depths, and provision for all countries to have access to this wealth through an internationally - agreed system, are among the priorities to be discussed in the coming weeks.

There are growing expectations that the U.S. Congress may enact a Bill to authorise U.S. companies to begin ocean floor mining for manganese, copper, nickel and cobalt. The Senate Commerce Committee already has approved a plan to issue permits. This omits any provision for insuring companies against the effects of any international treaty.

Mr. Elliot Richardson, the chief U.S. delegate to the conference, is reported to have persuaded the State Department, which earlier opposed such legislation, that it was good politics to improve upon other delegations that the U.S. will mine the ocean floor, whether or not there is a treaty. Many governments of developing countries are indignant over the move.

The new session is expected to be devoted to private negotiations, concentrated mainly in about seven different bargaining groups.

David Lascelles, in New York, reviews progress in the search for energy off the U.S. East Coast

Flicker of hope on an obscure horizon

The semi-submersible drilling rig Ocean Victory, is 325 feet high. This picture shows only a part of it, as it operates for Texaco and other oil companies in the group which is seeking oil and gas off the coast of the north-eastern U.S.

AS THE SUN set along the New Jersey coast a couple of weekends ago, a sharp-eyed beach stroller might just have glimpsed an unusual flicker against the dark horizon. If he did, he was sharing in a big moment: the first significant discovery of energy along the U.S. East Coast.

For that was when Texaco triumphantly flared the only successful well so far drilled in the continental shelf this side of the Atlantic. As it happened, the well contained gas, not oil, but this was only a detail in a development that could have a broad impact on the U.S. energy picture. If the find proves commercial, it will add to domestic gas supplies at a time of growing shortage and provide the closest source of natural energy yet to the large consuming areas of the U.S. East Coast. But it is still far from clear what riches, if any, lie beneath the seabed, and reports from other drillers are eagerly awaited.

The find was made in an area that has come to symbolise the U.S. quest for a way out of its energy problems: the Baltimore Canyon, named after a deep rift in the continental shelf exactly half way between New York and Washington.

Not that the canyon is expected to become the U.S.'s North Sea or its next Alaska—rather the opposite, the oilmen are still cautious about the prospects. But the start of exploration there earlier this year coincided with growing public awareness that something needs to be done about oil imports.

Furthermore, the appearance of the oil companies' drilling rigs only a few miles off the most populous coastline in the U.S. brought home to people in a way that operations in distant Texas or Alaska never could what oil exploration is all about.

Ironically, the venture almost died an early death. Leases in the area were first auctioned in 1976, when most major oil companies and several smaller ones bid a total of $1.13bn. But work was halted by legal challenges on environmental and other grounds which took nearly two years to sort out. The way was only cleared earlier this year, and drilling began in late spring.

The first news was disappointing. In early June, Continental Oil said it had drilled a dry well, and a few weeks later Shell came up with similar news. Shortly afterwards, the mass circulation New York Daily News splashed a report across its front page that Texaco had found oil in the Atlantic. The company immediately put out a denial, but in doing so revealed that its well had shown traces of hydrocarbons.

When Texaco finally announced on August 14 that it had struck gas, the news was a bit of an anti-climax. Wall Street Texaco shares traded hectically, but closed the day with the Dow Jones Index two points down; on the foreign exchange markets the dollar continued its precipitous slide. There was a similar reaction a few days later when Texaco announced its well had proved more productive than first thought.

This unexpected reaction was due partly to the tone of Texaco's announcement, which was phrased so as to avoid raising false hopes. Another reason was that even energy industry experts found it hard to judge exactly the importance of the discovery.

Stripped of its drama, the find amounted to a single well producing a total of about 17m cubic feet of gas a day from two points, one just below 13,000 feet and the other just below 14,000 feet. But this said nothing about the size of the deposit or its geographical extent. Nor was there any indication whether the reserve could be exploited commercially.

To put the find into perspective, Texaco said it would need to establish the presence of at least 1 trillion (million million) cubic feet of gas, capable of producing 200m cubic feet a day (i.e. more than 10 times what it is producing now), before it would consider the deposit viable.

For this reason, all eyes have quickly turned to other drillers in the area who might produce more evidence about the structure. The most likely is Exxon, whose rig is about 10 miles south-west of Texaco's, close to the edge of the shelf. Exxon recently announced that it was going to drill deeper than originally planned, to 17,000 ft, but did not say why.

Exxon will probably announce its results next month. After that, there should be news from Mobil, which is drilling on the so-called Baltimore Dome, and Shell Oil, which is on the Wilmington Dome. Other companies are also drilling on the structures' flank. If all these drillers report on schedule, there should be enough information by the end of the year to give a broad picture of the region's prospects.

Meanwhile though, none of the drillers is commenting on its activities, so speculation both ignorant and informed is rife. Texaco's find, however, has added a discernible tinge of optimism which can be summed up by a remark from Mr. Richard Palmer, Texaco's senior vice-president for exploration and production. "Our well is the first indication that natural gas can flow from a reservoir off the eastern seaboard of the U.S.," he said. "That in itself is indicative that this is a province that does house and could produce hydrocarbons."

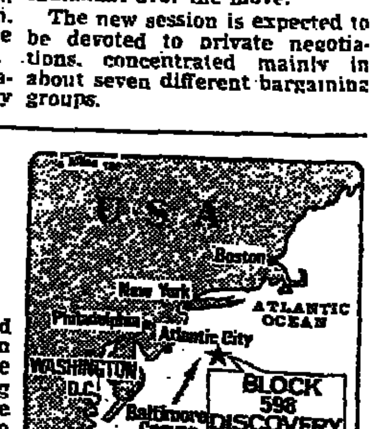
This view is shared by Mr. Charles Maxwell, a director of the Wall Street research and brokerage house, Cyrus J. Lawrence, and a specialist in oil and gas. "The odds on a find on the domes have always been better than one out of ten," he said. "But I have been using a one out of five, though the odds lengthened with the two dry wells."

Part of Mr. Maxwell's optimism is based on the possibility that the area will turn out to have several fields, stacked vertically. In this case, exploration and production costs would be reduced since one well would serve more than one reservoir.

The most detailed estimate of the Baltimore Canyon's reserves so far comes from the U.S. Geological Survey which puts them at 500m barrels of oil and 13,300bn cubic feet of gas. In national terms this is not very much: equivalent to only 45 days of oil consumption and eight months of gas.

However, the fact that the first discovery was gas could be important. Unlike oil, which is in glut, the U.S. has a gas shortage which can only be relieved by higher imports or further discoveries.

For technical and environmental reasons, gas is also easier to pipe ashore and distribute than oil, so fields have a greater chance of being exploited than oilfields. Offshore piping technology is now so advanced that gas from the Baltimore Canyon could be landed anywhere from North Carolina to Maine, a sweep of nearly 1,000 miles which includes Washington, Baltimore, Philadelphia, New York City, Boston and Portland. The major producing centre serving these cities is Texas, nearly 2,000 miles from New York City.



The current drilling programme is only the first. More blocks are to be auctioned early next year, and bidding is bound to be influenced by what happens between now and then. After that, a new drilling area off St. George's Bank north of New York City will be auctioned, although that too is being delayed by court actions.

For all these reasons—proximity, the gas shortage and the desire to tackle the country's energy problems—the Baltimore Canyon has come to assume a far greater importance in people's minds than the most optimistic forecasts of its oil and gas yields suggest it will ever have. Even if it does turn out to be productive, many years will pass before it makes a noticeable contribution. Texaco estimates it will take seven to ten years to develop a field there (other companies say less: up to five years), by which time who knows what the energy picture will be.

WORLD TRADE NEWS

Japan may purchase Canadian reactors

Y DAVID FISHLOCK, SCIENCE EDITOR

CANADIAN Government Japan as its probable point entry into the international ear reactor market.

r. Jack Horner, Canadian ster of Industry, on a visit Tokyo, claims that there is a very good chance that ada will succeed in selling in its Candu heavy water tor.

r. Horner said that the adian system would relax sures on Japan to secure ched uranium, since the du reactor is fuelled by ural uranium.

anada supplies about 40 per of Japan's nuclear fuel re- ements at present, but the nium is enriched by the U.S. ernment before being ship- to Japan for its U.S.- gned light water reactors.

r. Horner stressed that ada would deeply resent any mpt by the U.S. to use its tical and military influence Japan to block the sale of du into a market at present inated by U.S. reactor igns.

he single exception is the all UK-designed Magnox natural uranium reactor at Tokai Mura.

Prospective purchaser of Candu is the quasi-government Electric Power Development Company, which announced in mid-June that it wanted to buy two 600 MW Candu reactors.

The utility has since commissioned Atomic Energy of Canada to carry out a $1.5m engineering study of the scheme, as a precursor to a project expected to cost as much as $1.5bn. The study will be completed by next spring.

The site proposed for the Candu units is on Shimokita Peninsula at the northern end of Honshu, Japan's central island. Japanese Government approval would be required for the project.

Atomic Energy of Canada has adopted a low profile as an international reactor vendor since 1976, when large unexplained payments came to light, apparently made in the course of negotiating export contracts for Candu with Korea and Argentina. Subsequently in 1977 the Canadian Government sacked Dr. John Foster, its chairman, after his company had disclosed a loss of $180m.

UK maintains position on net invisibles earnings

BY DAVID FREUD

THE UK remained the world's second largest earner of net invisibles in 1976, increasing her surplus from $4.2bn in the previous year to $6.4bn, according to the Committee of Invisible Exports.

The U.S. retained first place with a surplus of $18.2bn in 1976, up from $13.6bn while Switzerland was again third, with $3.7bn.

These figures were prepared for the committee by the Economists Advisory Group, an independent economic research body, and appear in the 1976 edition of World Invisible Trade, covering the invisible trading of the 109 members of the International Monetary Fund.

No other country had a surplus of more than $2bn, though there were six, Spain, the Netherlands, Italy, Singapore, France and Belgium-Luxembourg, with between $1bn and $2bn.

West Germany took over second position in 1976 in terms of total invisibles receipts with $23.8bn, 9.2 per cent of world total, compared with the UK's $23.6bn. However, West Germany's deficit on the invisible account was one of the largest in the world at $7bn.

Total invisible receipts increased from $209bn in 1974 to $225bn in 1975, up 7.7 per cent, and $245bn in 1976, up 8.9 per cent.

This was much less than the increase of 30.8 per cent recorded for 1974. The committee states that invisible trade was severely hit by the world recession in 1975, though less so than visible trade, and its subsequent recovery has been slow.

There was rapid growth in receipts from "other services," which went up by 46 per cent to $63.9bn between 1974 and 1976. This was due to the recovery in the world insurance market and a rapid rise in earnings from building and engineering contractors, consulting engineers and architects.

In the UK invisible payments rose faster than receipts between 1974 and 1975, but fell by more than 1 per cent between 1975 and 1976, during which time receipts increased by 7 per cent.

The most buoyant sector of UK invisible receipts between 1975 and 1976 was travel, which was 16.9 per cent up. As travel payments fell by 7.3 per cent over the same period, this was also the sector where the balance of receipts and payments changed most.

The travel surplus for 1976 was $1.1bn, approximately twice the 1975 total and three times that for 1974, equivalent to about a sixth of the UK total surplus on invisibles.

Trade gap widens in Israel

By L. Daniel

TEL AVIV, August 21.

ISRAEL'S average monthly trade deficit increased by 7 per cent in the first five months of this year compared with the parallel period of 1977, to reach $725m. Exports grew by 33 per cent to a net $1.58bn, but since imports are larger, the 23 per cent rise in purchases abroad to $2.1bn led to a widening of the trade gap.

Detailed figures for the first four months of the year just released by the Central Bureau of Statistics, show that imports of raw materials and intermediate products, including uncut diamonds, rose by 36 per cent over January-April 1977, and imports of capital goods by 33 per cent. Those of consumer items increased by only 7 per cent.

While exports were 33 per cent up on January-May 1977, 40 per cent of the rise came from bigger exports of polished diamonds (up from $403m to $560m). Other industrial exports rose by 35 per cent to $740m and agricultural exports rose by 22 per cent, with the share of produce other than citrus reaching 60 per cent of the total against 50 per cent a year earlier.

● Romanian-built cars will be on sale in Israel for the first time in about four months. The cars will be between £1,100 and £1,300 cheaper than similar imported models now sold here. (Cars in Israel cost exactly three times the retail price abroad.)

The Romanian vehicles are manufactured under licence by French and German firms which control their quality, according to the Haifa firm which will act as importers for the Romanian models.

They will include the 1,300 cc Delta-DP, corresponding to the Renault 12; the Merkur-TV pick-up, corresponding to a tender built by Mercedes; and the Delman 111 bus, built under supervision by MAN. The engine of this bus is made in Hungary, while the passenger car and pick-up have Romanian-built engines and gear-boxes.

Indian gold scheme may boost exports

BY K. K. SHARMA

NEW DELHI, August 21.

THE INDIAN Government's ambitious scheme to make substantial value-added gains by exporting ornaments and jewellery made from imported gold came into effect today.

Under the scheme, the Government-owned State Bank will replenish gold used by exporters of such jewellery, the minimum gold content of which must be 14 carats.

The scheme stipulates that exporters must make a minimum addition of 25 per cent to the value of gold imported for the purpose, but the State Bank expects to operate it in such a way that around 33 per cent value-added gains will be made.

Officials estimate the increase in foreign exchange earnings to be something like $250m a year within a short period.

Gems and jewellery have registered the largest growth rate for any single group of exports in the last two years and is considered by the Commerce Ministry to be a potentially rich source of foreign exchange earnings. Much of the present demand for Indian jewellery comes from the Middle East.

The Reserve Bank of India is separately implementing a scheme of auctioning part of the country's gold reserves to registered goldsmiths and already eight sales have taken place this year. This is meant to check smuggling of gold into India where demand for the metal is high because illiterate villages prefer to keep savings in the form of jewellery. Although smuggling is claimed to have been reduced as a result, gold prices in India remain high.

Last week, the price of gold in the Bombay bullion market was around Rs 745 for 10 grammes, or roughly $290 an ounce. This is almost 33 per cent higher than world prices and hence makes smuggling of gold into India a lucrative business.

The scheme operated by the Commerce Ministry for import of gold to replenish stocks of jewellers exporting ornaments is not connected with the Reserve Bank's auction and no monetary gold is involved.

The Ministry is ensuring that imported gold is not sold in the domestic market and the State Bank has enforced safeguards. For instance, exporters will be entitled to imported gold only if they air freight the jewellery through Customs houses in Delhi, Bombay, Calcutta and Madras.

For the present, registered exporters of gems and jewellery, co-operative societies of certified goldsmiths and some other exporters can claim the imported gold which the Government will buy from international bullion markets and sell to the exporters at a slightly subsidised price.

ASEA induction furnaces deals

BY JOHN WALKER

STOCKHOLM, August 21.

ASEA, the Swedish heavy electrical engineering group, has received two orders, worth an undisclosed sum, for large induction furnaces for use in the iron and steel industry. The orders are from the Swedish Fagerstas Steel concern and the British Steel Corporation. ASEA claims that these orders are a major breakthrough in iron and steel melting techniques.

The common arguments against the use of induction furnaces has been their relatively modest production capacity compared with arc furnaces and their limited refining capacities. But the induction furnaces do offer a solution to environmental problems such as noise, dust and interference on power networks. ASEA claims that these factors together with favourable process economics were responsible for induction furnaces being chosen by Fagersta and BSC.

In terms of size and 35 tonnes/hour melting capacity, the furnaces will be among the largest mains-frequency induction furnaces in the world. They will be used for remelting steel scrap for raw steel production. The two furnaces for the BSC are two-channel induction iron melting furnaces and have a total capacity of 20 tonnes/hour.

● The state-owned Karlskrona shipyard in southern Sweden has won orders for ships valued at Skr 190m ($46m), from the government of Trinidad and Tobago. The order is for two special 4m naval patrol boats and includes equipment for fighting oil pollution at sea.

Another order amounting to Skr 100m is for two ro/ro ships with delivery expected to be completed in 1980.

AP-DJ adds from Copenhagen: Jutland Telephone Aarhus of Denmark has placed an order with ITT's Danish subsidiary Standard Electric Kirk A/S for a fully electronic digital telephone exchange for the City of Horsens. This is the second order which Jutland Telephone has placed with ITT for digital exchanges within the past 12 months.

The latest exchange is a combined local tandem exchange equipped with 8,000 local and 5,000 trunk lines. Both exchanges will be put into operation during the first quarter of 1982.

China pyjamas project

By Robert Wood

TOKYO, August 21.

INA HAS agreed with Japan's man to begin joint production pyjamas under a contract sed on contracts used for tex- joint ventures in Taiwan, ng Kong, and South Korea.

The main attraction the inese offered was cheaper bour, an Itoman official said lay. Itoman will supply equip- nt, designs, technical experts, d some raw materials such as nthetic fabrics for a factory in angbai, and will import all the tput. On a trial basis the inese joint venture will pro- ice 300,000 pairs of pyjamas.

The Itoman official said inese labour is very good at nd work, surpassing the orkers of South East Asian untries like the Philippines d Indonesia, where wages are so lower than those of Taiwan, ong Kong, and South Korea. He edicted China would soon be- me one of the world's major xtile exporters.

One problem in dealing with hina, the official added, is that e Chinese are reluctant to offer eir second-class goods at an propriate discount below the rices of first class goods. An- ther is that delivery times are ot firm.

Itoman's contract is with China's National Textile Import and Export Corporation. Itoman itself is a large-scale textile trader operating in both foreign and domestic Japanese markets.

Meanwhile AP-DJ reports that Sumitomo Metal Industries has sent a 14-member team of engineers to China for final negotiations on a Chinese plan to construct a seamless steel pipe mill at the Pao Shan iron works near Shanghai.

● Matsushita Electrics' subsidiary, National Panasonic de Espana will produce audio systems in Barcelona to be marketed in Spain and the rest of Europe.

Moscow signs with Sim-Chem

IM-CHEM, a Cheshire-based imon Engineering company, has gned a contract in Moscow with echmashimport for the upgrad- ng of the product from a 10,000 nnes a year titanium dioxide lant.

The contract will utilise the test technology from American yanamid's sulphate plant in eorgia, U.S. to provide the oviets with a better grade of e pigment which is used as a hitener in paints, plastics and bres.

SELLING TO CHINA

A game of patience with high stakes

BY JOHN LLOYD

MANY of the 13 industrialists who accompanied Mr. Edmund Dell, the Trade Secretary, on his recent visit to China were experienced in the ways of selling to the People's Republic. One of them, Mr. Graham Strachan, managing director of John Brown Engineering in Clydebank, told Mr. Dell a cautionary tale.

In the early 1970s, John Brown had negotiated with the Chinese for the sale of gas turbines, used in the generation of electricity. The negotiations were protracted: the John Brown men pressed to know how many turbines were required. "Not less than one," was the invariable answer. In the end, John Brown sold no less than nine, which means that the company has taken around 60 per cent of the Chinese gas turbine market, currently standing at 15.

Mr. Dell, commenting on the trip on his return, used Mr. Strachan's anecdote as an exemplar to caution patience and persistence in trade with the Chinese. Most of the industrialists who returned with him have drawn a similar lesson.

Persistence must first be deployed to discover who best to talk to: the officials who are in charge of projects, and thus can inform traders on their likely requirements, are not well sign-posted. Mr. Robert Aldred, chairman of Taylor Woodrow and a first-time visitor to China, commented that "protocol is much more evident," and that three ministries would routinely be involved in specifying and approving one purchase.

Mr. Aldred persevered, and was able to discover first, that there were projects in which Taylor Woodrow might become involved and second, that the UK construction industry could benefit—if it tried. "There are opportunities for the construction industry there—but they have to be excavated. They aren't lying around."

Sir Arthur Knight, chairman of Courtaulds, is an old China hand. His company now exports £10m worth of paint and fibres to China annually, and some years ago, was responsible for the construction of a fibre plant. He was impressed with the completeness of the conversion to an open trading policy, and full of admiration for the ambitious targets set by the current Eight-Year Plan.

"Yet the country is so vast and underdeveloped that you can't help thinking it will take a long time to realise the goals they have set themselves. And of course, every foreign trade deal must go through a number of processes.

"But the Japanese and the Germans have the same problems, and they are working hard at them. We must do the same if we are to succeed."

While the treaty of peace and friendship signed between China and Japan earlier this month, coupled with the proximity of the two countries and the efficiency of Japanese industry, makes the Japanese clearly most favoured trading partner, Graham Strachan of John Brown believes that other factors may work in the UK's favour.

"The main competition for us obviously comes from the Far East, from manufacturers in Japan and South Korea. But the Chinese don't want to put all their eggs in one basket; they can't afford to if they want to really expand their trade."

There are few doubts that the Chinese know what they want: "They are competent and intelligent and they understand what they are asking for," said Mr. David Chapman of PE Consultants. "They had done a lot of study before we came, and they knew exactly what the role of consultant was, and had ideas about how they could use us."

Mr. Chapman reckons it will be worthwhile for British consultants to mount their own demonstration to the Chinese later this year.

Most of the deals which have been announced in the past weeks—either concluded (the Davy £40m petrochemical plants) or under final negotiation (mining equipment worth around £100m from Anderson Dowty and Gullick Dobson) or tendered for (a fertiliser plant worth £75m, by Northern Engineering Industries and Humphreys and Glasgow)—were initiated months before Mr. Dell's trip. Concrete results have still to show themselves. What do the industrialists think of its effect?

"The trip could not have been more timely," said Sir Derek Ezra, chairman of the National Coal Board. "It was quite clear that the Chinese were wholly committed to the new liberal policy and that they aimed to be in the first rank of industrial nations by the end of the century. But they do need to import a good deal of knowledge and technology, and that's where we can help them. The fact that UK Government and industry went out together showed them that we were serious, too."

The Chinese had been cool towards British products because inflation had often made their prices relatively unattractive: much of Mr. Dell's private conversations with his opposite number, Mr. Li Chi'ang, Minister of Foreign Trade, were directed at assuring him that the inflation rate was now well down, and that British industry was fully competitive.

For his part, Li made it clear that he was serious about negotiations, and that the British manufacurers would not waste their time in the talks arranged for them with Chinese officials.

No-one cared to put a precise figure on the size of the market for British goods, either overall or by sector. "Well over £1bn," agreed two of the industrialists on the trip. Yet that was qualified by the consideration that if Davy and British Steel win a contract for the construction of one of the 10 steel plants which figure in the Plan, that one project would be worth over £1bn. Other manufacturers contented themselves with describing it as "vast," "massive" and incalculable."

The manufacturers are optimistic, but possibly realistic. Chinese two-way trade nearly doubled between 1973 and 1975 (admittedly from a low base), it is thought that it will double again by 1980, and triple by 1983. In a relatively depressed world, China is indeed a start in the east.

Steel for Russia

Farmer Plant Engineering, part of the S. W. Farmer Group of structural engineering companies, has been awarded a contract valued at approximately £750,000 to fabricate 1,100 tonnes of structural steel and associated access platforms for four identical waste heat recovery systems. The material will ultimately be incorporated in two Methanol Plants in Russia.

This is additional to the contract valued at £1.3m and awarded to the Farmer Group earlier this year for the supply of 2,000 tonnes of structural steel for the construction of the two methanol plants situated at Tomsk and Gubaha.

ASEAN plan extended

BY WONG SULONG

KUALA LUMPUR, August 21.

MEMBER COUNTRIES of the Association of South East Asian Nations (ASEAN) will launch the second phase of their preferential trading arrangement next month by extending the scope of their scheme to more than 800 items.

The preferential trading arrangement was agreed at the ASEAN summit meeting in Kuala Lumpur last August, and it covered only 71 items when it was first implemented at the start of this year.

Under the second phase of the scheme, another 775 items will be added. The annual value of trade among the ASEAN countries on these items is estimated to be over $185m.

Under the scheme, only goods originating from the five ASEAN members—Indonesia, Malaysia, Singapore, Thailand and the Philippines—are eligible for preferential tariffs within member countries.

Goods must also have less than 50 per cent foreign content to qualify for preferential tariffs. In the case of Indonesia, the foreign content must be less than 40 per cent, a concession given to protect Indonesia's infant industries.

AP-DJ adds: Malaysia's trade with other ASEAN nations rose substantially by $U.S. 99.1m to $U.S. 782.6m in the first six months of this year, exports totalled $U.S. 483.6m while imports were worth $U.S. 308.2m.

Singapore remained Malaysia's leading trading partner, importing $U.S. 445m worth of goods against exports worth $U.S. 158.6m in the same period and over the six months. Thailand emerged as Malaysia's biggest supplier of rice and sugar.

● Canadian Minister of Industry, Trade and Commerce Mr. Jack H. Horner and South Korean Minister of Commerce and Industry Mr. Choi Gak-Kyu, following an annual trade ministers' meeting, disclosed that construction of a Candu nuclear power plant unit at Wolsong, south of Seoul, is progressing rapidly and they expressed a desire to strengthen nuclear energy co-operation.

Their communique said their discussions included mention of aircraft, telecommunications equipment, steel mill machinery, petrochemical plants, mineral exploration and mining equipment and other Canadian manufactured goods that could be marketed in South Korea.

The Korean side expressed concern over Canadian import restraints affecting major Korean export items, including textiles, footwear and handbags, and requested an early termination of these restrictive measures.

Property sales cut British Land debt

By John Brennan, Property Correspondent

BRITISH LAND, the £210m property group, has sold the 345,000 sq ft Liverpool Exchange Buildings to the Coal Board's pension fund for £8.6m.

The sale forms part of British Land's £29m property sales in the year to the end of March 1978. In the group's annual accounts, published yesterday, Mr. John Ritblat, the chairman, reported that a further £14m has been raised from property sales since the year-end.

These sales, after the group's £50m refinancing package last autumn, cut net debts to £125m against shareholders' funds shown in the accounts at £49m, but rising to £62m on the basis of a post year-end revaluation of group properties.

The largest single item in this post year-end revaluation is the rise from last year's £51m to £60m in the open market value of Plantation House, the 345,000 sq. ft. freehold City of London office complex acquired by British Land for £27m in 1970.

On the estimated revaluation undiluted net assets per share rise to 97p. The shares added ½p to 46p on the news yesterday.

Mr. Ritblat said that the revaluations had not all been incorporated into the accounts this year because "we are taking a very conservative stand." On the same ground he decided against a firm promise of a restoration of a dividend this year in spite of the £3m improvement in the revenue account to a £1.1m pre-tax loss.

Motor trade sales near record level

BY MICHAEL CASSELL

THE BRIGHTER sales picture established in recent months by the motor trades was underlined by Government figures published yesterday.

Statistics fro mthe Department of Industry show that not only have car sales continued to edge up towards record levels but business for associated items, such as tyres, spares, and accessories has also been rising.

According to the Department, the total turnover of the motor sector and its associated trades was 26 per cent higher in the second quarter of this year compared with the same period last year.

New vehicle sales rose by 40 per cent between April and June, following the 45 per cent increase in the first quarter, while used vehicle sales increased by 32 per cent over the second quarter of last year. In the first three months of this year, used vehicle sales had risen by 23 per cent over the same period last year.

The Department also calculates that the sale of associated items such as petrol, oil, servicing and repairs rose by 14 per cent during the second quarter, a repeat of the first quarter increase.

Price changes

The turnover statistics are, however, at current prices and movements therefore include the effect of price changes made during the periods under review. They also reflect transactions made between dealers in addition to final sales.

The figures do nevertheless tend to confirm that the motor sector as a whole is heading for its best year since 1973 and might possibly be on the way to a record.

This month, car registrations could challenge the record August 1973 total of 234,000, although the latest indications suggest that over 50 per cent of sales could involve foreign vehicles.

Sales estimates for the private sector this year now range between 1.5m and 1.7m vehicles against 1.66m in 1973. The picture is also bright on the commercial vehicle side, with sales in the first seven months of this year running more than 14 per cent up on a year earlier.

Prices of fresh food rise by 1% in year

FINANCIAL TIMES REPORTER

FRESH FOOD prices rose by only one per cent during the year to June compared with almost 20 per cent in the previous year, according to Price Commission figures published yesterday.

Bumper vegetable crops were produced, but over-production pushed prices down.

The Commission's fresh food prices index, covering fruit, vegetables, fish, eggs and meat, shows that fruit and vegetable prices fell 6.6 per cent during the year, balanced by an increase in carcase meat prices.

Prices for some meats rose 5.2 per cent according to the Commission's figures.

The one per cent increase would have been even lower but for a seasonal increase in vegetable prices due to short supplies of the new crop. The index rose 11.4 per cent in the three months since March this year.

Spring crops started slowly and the market gap was unfilled as the shortage was felt generally throughout Europe.

The seasonal price increase pushed the retail price index for seasonal food up from 179.0 during mid-March to 200.8 for mid-June but immediately fell back by 7½ per cent in the following month.

During the previous year, fresh food prices rose by an average 19.8 per cent over the index which is weighted to take account of the different importance of various items in the shopping bag.

Toll of the price war

NEWS ANALYSIS

HIGH STREET CASUALTIES

BY DAVID CHURCHILL

THE CASUALTY rate in the High Street price war, which was intensified just over a year ago by Tesco's decision to drop trading stamps, is now beginning to take its toll in the retail grocery trade.

The main casualties are the small supermarket chains and independent grocers unable to compete with the low prices and high turnover of the large multiple chains.

Last week, Barker and Dobson decided to pull its 40 Oakeshotts supermarkets out of the fray. Other trade sources estimate that at least 19 grocery shops are shutting each week and the rate may be rising.

Last year, according to the Institute of Grocery Distribution's latest trade review, the number of independents dropped by 3,000, compared with under 1,000 for the multiples.

Although proportionately this was a larger cut for the multiples—nearly 11 per cent compared with just over 4 per cent—this was balanced by the multiples opening fewer but much larger stores to increase their selling space.

Tesco's new superstore in Basildon, Essex, is the size of 20 typical Tesco supermarkets or up to 100 independent grocers.

Yet the squeeze on small grocers' margins in the face of tougher competition in the price war has not discouraged people from wanting to take over unprofitable stores and run them themselves.

Yesterday, one of the large independent groups of grocers—V.G. with some 3,300 affiliated stores—announced it was setting up a special scheme for redundant workers to use their redundancy pay to take over small stores.

V.G. will help the prospective shopkeeper find the right store and teach him the rudiments of store management.

In return, the store will join the V.G. group and benefit from the bulk buying strength of the group and its national brand image.

Such voluntary groupings probably stand the best chance of surviving the price war. In numerical terms, the independent grocer dominates the retail food trade.

There are some 73,000 independent stores, compared with 7,000 main High Street multiples and 6,000 co-operative stores.

In terms of market share, the multiples account for about half, with the independents—in spite of their vastly superior numbers—only taking about a 35 per cent share.

Thus, the multiple supermarket chains are in a much stronger position to negotiate discounts from suppliers, establish both a trading image and own-brand products, and take advantage of their stronger financial position to choose prime supermarket sites as well as open larger stores.

Such a trading position is not new but the pressures on the smaller independent grocer have intensified in recent years.

These pressures include not only rising costs—such as rent, rates, and lighting—but the severe price inflation of recent years has both reduced the proportion of consumer's expenditure on food and made shoppers more aware of prices.

Unfortunately, small grocers are unable to generate sufficient turnover increases to justify cutting prices in line with stores such as Tesco and J. Sainsbury.

The solution, adopted in the late 1950s, was for groups of independent stores to form loose trading associations to take advantage of their joint bulk buying power from wholesalers.

Of the total estimate of 73,000 independent grocers, some 21,000 are part of a voluntary group.

The main groups are VG, with 3,300 stores and 2.1 per cent of the market, Spar and Mace with about 4,000 each, and Wavy Line with just under 2,000 stores.

These four account for about 12 per cent of the grocery market—the same share that Tesco has achieved on its own—with the other symbol groups accounting for about 8 per cent of the market.

By joining a voluntary group, the independent grocer gets the benefit of sources of finance for shop developments; advisory services; national advertising and special regional promotions; and a range of own-brand products for sale at lower prices.

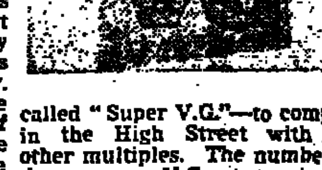
In addition, the voluntary symbol groups have each formed a close alliance with a main wholesale supplier. Booker McConnell is the dominant supplier of Mace, while the newly-merged Linfood Holdings and Wheatsheaf are the main suppliers of Spar and V.G.

The trouble with the independent grocers, however, is that their stores are simply too small to compete economically with larger supermarkets. The Institute of Grocery Distribution found that eight out of 10 independent stores were below 1,000 sq ft in size.

Most multiples have closed stores of this size and are seeking to develop stores of 10,000-20,000 sq ft, if not larger.

V.G. acknowledges that the very small shops are uneconomic. Instead, it believes that stores of about 1,000 sq ft are suitable for economic trading in off-High Street locations.

But it is encouraging the development of larger stores—



called "Super V.G."—to compete in the High Street with the other multiples. The number of these super V.G. stores is expected to double from the present 100 by the end of the year.

While the small unaffiliated independent is undoubtedly being squeezed out by the present competitive market conditions, V.G. and the other groups hope that by concentrating on convenience, a long-term market position still exists for them.

Other retailing scenarios suggest that shoppers are going to continue to seek discount prices and bulk buys for most of their food purchases, while still happy to go to a local convenience store for small items.

In the U.S., the "Mom and Pop" convenience store selling non-food items as well as basic foodstuffs are on the increase.

Whether small supermarkets in the U.K., trying to compete just on food alone with the larger multiples can survive a prolonged price war remains to be seen.

Tesco and the other main multiples obviously feel that size will be the crucial factor for success in the 1980s.

Electrical contractors press for State-backed registration

BY PAUL TAYLOR

A GOVERNMENT-BACKED register of trained electrical contractors is being sought by the Electrical Contractors' Association.

The association, which has been lobbying support for the register, believes it would rid the industry of "cowboys" and protect the public.

In support of its case the association points out that on 1975 figures alone there were 4,500 electrical contractors listed in the Yellow Pages who were not members of either the association or the National Inspection Council for Electrical Installation Contracting.

Although no precise figures are available the association believes some households are having work done by contractors who have had no training and this could represent a safety threat.

It hopes an enabling Act will be passed this autumn allowing Government Ministers to set up a registry Board. Mr. Bruce Gray, the association's director emphasised yesterday that the register would not exclude existing contractors, nor hamper the do-it-yourself amateur.

The association is also considering extending its contract completion guarantee scheme to cover domestic contracts of up to about £1,000. The existing scheme for larger contracts ensures that work undertaken by a member will be completed at contract price even if the member goes bankrupt.

The trade's joint industry board is understood to be considering a redundancy top-up scheme to provide greater security for the 34,000 skilled men employed by the association's 2,500 members and to encourage recruitment.

The board, composed of association and union members, is expected to announce details shortly. Under the proposals an employee made redundant would be entitled to a payment of up to £1,000, based on length of service, if after 12 weeks, he remained unemployed.

The scheme would be in addition to normal redundancy payments and would be financed from the employer contribution scheme.

Repairs start on F-111s

By Lynton McLain

THE first of 19 United States Air Force fighter bombers to be maintained in Britain arrived yesterday and British Aerospace began work on it almost immediately.

The £1m contract—the first of its type won by British Aerospace—involves replacement of the pyrotechnic ejection system and other maintenance tasks.

British Aerospace has shed more than 3,700 of its aircraft manufacturing workforce in the last three years and concern about long-term prospects forced the company to seek alternative work.

The maintenance contract is likely to keep 100 skilled aircraft workers employed at the Filton works, near Bristol, until November.

The last of the eight British-built Concordes is now being completed at Filton for its maiden flight this year. Work on BAC 1-11 civil airliners and on the centre fuselage of the new BAe 146 feeder airliner is likely to provide work for most of the aircraft group's remaining 4,500 workforce.

British Aerospace said yesterday that the award of the maintenance contract came after an exhaustive USAF survey of Filton and its workforce.

Filton employees have been working at the USAF base at Lakenheath, Suffolk, changing the windscreens of a further 45 F-111 aircraft.

British Aerospace said that it expected further work to follow the initial contract. This could involve conversion of nine British VC-10 aircraft into aerial refuelling tankers.

Festival seeks business backers

BY RAY PERMAN, SCOTTISH CORRESPONDENT

BUSINESS sponsorship is likely to become an increasingly important source of funds for the arts as pressure increases on stated support and ticket revenue, Mr. John Drummond, director-designate of the Edinburgh Festival, said yesterday.

He saw little prospect of the Arts Council or the City of Edinburgh District Council being able to increase substantially their support for the festival budget in coming years.

British Petroleum, which gave £35,000 towards last year's production of Carmen, is again the festival's biggest sponsor. It has contributed £10,000 for the Royal Shakespeare Company's productions of Twelfth Night and Chekhov's Three Sisters.

Other companies, including Elf, Total, IBM, the British Airports Authority, Scottish Widows and Marks and Spencer are also supporting events, but business contributions account for only 5 per cent of total festival expenditure.

Mr. Luke Rittner, of the Association of Business Sponsors of the Arts, which represents companies prepared to contribute to the cost of specific events, said that there was still an element of resistance in Britain to accepting business sponsorship, as if the money was somehow tainted.

Arts sponsorship was undertaken by private companies not for the good of their souls, but because it made sound business sense.

"Businessmen have to be shown a carrot and that is usually involvement with some excellent event.

"Inevitably, a lot of money is going to go to the bigger arts organisations with most prestige. The view that industry should support the arts in general will not wash with the Philistine businessman—and there are a few of those around."

Mr. Bob Mennie, BP's public affairs director for Scotland, said that the company was not looking for enormous publicity, merely proper recognition of its involvement.

"If there is going to be sponsorship on any scale, then there has to be a guarantee of quality and prestige. No company wants to be associated with a production that has 15,000 people writing letters of protest to The Times."

Chilly summer deters sharks

THE BRITISH summer has been so bad that even the sharks are staying away. None has been landed at Looe, Cornwall, for more than three weeks. Looe is regarded as the centre for Britain's shark fishers.

Local fishermen blame the poor catch on bad weather and the dwindling number of pilchards, which the sharks eat.

Chemical fires

LONDON FIREMEN last month tackled 30 incidents involving chemical and hazardous substances, bringing the total this year to 143 in the Greater London area.

Holborn offices go-ahead

Financial Times Reporter

TOWNSEND THORESEN PROPERTIES, the property arm of European Ferries, the Channel ferry group, has extended its growing interests by giving Taylor Woodrow the contract to build a 125,000 sq ft office development in High Holborn, London. On completion an officeb lock of this size would have a capital value of more than £15m at current rents.

The 18-month contract is likely to be worth about £5m to the contractor.

The group recently acquired another major London development site on the south bank of the Thames, near Vauxhall Bridge. Plans for a 300,000 sq ft office scheme, likely to cost between £15m and £20m, have yet to be settled.

● Within weeks of Mr. Henry Edwards, former chairman of Centre Hotels, buying a major stake in Adda International and becoming its chief executive, Adda has bought the 160-bed Leinster Towers hotel in London's Bayswater from the Courage subsidiary Anchor Hotels for £1.65m.

Liberals 'party of the past'

BY OUR SCOTTISH CORRESPONDENT

MR. REG PRENTICE, the former Labour Cabinet Minister who is now a member of the Conservative Party, last night attacked the Liberals for keeping the Government in power.

Speaking in the Scottish Borders constituency of Mr. David Steel, the Liberal leader, he said that the Liberals' proud history was now in the past. The party offered no hope for the 1980s.

"Those who voted Liberal in 1974 were voting against socialism, not for it. Yet they have seen the Liberal MPs, led by Mr. Steel, acting as lobby fodder for a Labour Government.

"Sometimes it is claimed that the Lib-Lab pact has been a moderating influence. This is nonsense. The Government had to slow down on socialism, because it lost its majority. The Liberals have simply kept them in office.

"As to Liberal influence on policy, it was best summed up by Cyril Smith when he said: 'It's difficult to say owt about nowt.'

"Liberal MPs have prolonged the life of a Government which offends all the best Liberal traditions. The last few years have been a period of massive new state controls and of diminishing individual freedom."

Mr. Prentice, MP for Newham NE, is seeking nomination for the safe Conservative seat of East Renfrewshire. Selection will be made at the beginning of next month.

Last night's speech and a lunchtime meeting in the Midlothian constituency can be seen as a demonstration of Mr. Prentice's willingness to help the Tory party in Scotland, where it feels it can make large gains at the next general election.

● Mrs. Margaret Thatcher, the Opposition leader, yesterday began her electioneering campaign with two factory visits in Kent, one to Marconi Avionics, near Chatham, and one to the Blue Circle cement works at Northfleet.

Tory victory will bring tax cuts, says Whitelaw

FINANCIAL TIMES REPORTER

THE CONSERVATIVES will reduce income tax, capital gains and capital transfer tax if they win the election, Mr. William Whitelaw, deputy Tory leader, says in today's issue of the Director, the magazine of the Institute of Directors.

In an article containing the views of spokesmen from the three main parties, Mr. Whitelaw promises that there will also be an annual "discussion" by the Government on pay rises.

Tax incentives for the workforce and constructive attitudes from union leaders were needed to solve the problem of low productivity.

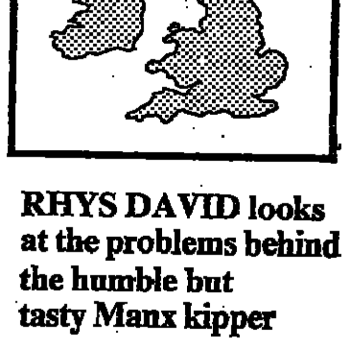
"By reining back public spending and shifting to indirect taxation, a Conservative Government will ease some major strains on the economy and provide resources to reduce eventually every rate of income tax, to raise all tax bands, to cut capital gains tax and capital transfer tax and to phase out the worst aspects of the investment income surcharge."

Blaze threatens cable terminal

DOZENS of firemen yesterday put out a blaze at the transatlantic cable terminal at Oban, west of Scotland—a key linking point for telephone services between Britain and North America.

The Post Office said that telephone services were not affected.

Evangelist who wears a fishmonger's coat



RHYS DAVID looks at the problems behind the humble but tasty Manx kipper

IT IS SOMETHING of a commentary on southern discernment that when some time ago Peter Canipa sent a trial consignment of his Manx kippers to London customers were initially reluctant to buy them because they were not red enough.

To Mr. Canipa, managing director of Deverau's, one of the big producers on the island, kippers of that variety are Red Indians, a mainland product that has probably been dyed to give it its appealing hue, and forced in an electrically-heated kiln round which smoke has been blown by fans.

On the Isle of Man he does it very differently. Two of his employees spend most of their time throughout the year collecting and storing wood shavings and sawdust from building sites and mills for the 10 fires which are lit in each of the four wooden smoke houses in regular use at Deverau's. Up to 60 or 70 bags a day are needed.

The traditional smoking process he employs takes between 12 and 18 hours before the right golden-brown colour is obtained, and by Isle of Man law no dye can be added to any kipper that is going to be sold as Manx.

Mr. Canipa has been in the kipper business for 26 years and started with Deverau's at the age of 12. For him as for the island's other kipperers, the labour of love starts each day at 8 a.m. at the Peel breakwater, where the previous night's catch of herring is auctioned.

The herring happens to be particularly fond of the Isle of Man, gathering off its west coast every spring and making its way during the course of the season to spawn in vast shoals in autumn off Douglas.

Within minutes of the close of the auction, usually not much after 8.30, herring which were swimming in the sea hours before are being fed into machines at processing factories only a few hundred yards off the breakwater for gutting and the removal of roes.

The tails are left on—though there are, no doubt, a few people who believe the Manx kipper should have no tail.

After a soaking in brine for just the right period—about 20 minutes—the herring are hung on tenterhooks and inserted row upon row into the tall smokehouses, their massed ranks of beady eyes just visible above the cross-bars.

By mid-morning the fires are lit and the kippers will begin to be ready by the time the night smoker comes in.

It is his job—apart from stoking up—to thread his way through the smoke, removing the rows of kippers as they are ready and preparing them for the packers who come in early in the morning.

Mr. Canipa is by his own admission rather partial to fish, with a particular devotion to the herring. When he opens his notebook herring scales fall out and as he walks through the processing plant—owned, like most of those on the island, by the Manx Government—he finds it difficult to pass a box of herring without testing a few with his hand.

When he finishes work he is inclined to go fishing in the river, the sea or off the pier, and he readily admits that as well as eating the occasional kipper at work, as do manw employees, he would be willing to eat fish every night for dinner.

He bought the company, which employs about 30 people in summer and about a third of that number in winter, a few years back with a partner, at a time when the industry was at best ticking over.

"Too many people were prepared to carry on for just a few pence profit per stone," he says. Kippering reached a low point in the mid-1960s, and there were a number of closures in the industry which at one time boasted as many as 40 concerns.

The rise in fish prices since has helped to make it a more profitable business for the handful of sizeable companies still operating in the industry and for their smaller brethren. Output has increased again, though it is still way below the levels achieved in the early 1950s.

Most of the producers rely for the vast bulk of their trade on merchants who supply the big UK market, and in particular the north west, where the taste for Manx kippers remains strongest.

It is a legacy which has been left by the long tradition of Wakes-Week visits by industrial workers from Lancashire to Douglas, and to Mr. Canipa it remains of considerable importance to maintain this link through present day visitors.

After buying his herring at the auction and casting an eye over the early processing stage at Peel, by afternoon he has changed into fishmongers' white coat and moved across the island to his shop at Douglas.

Here, particularly on wet days, there is a long queue to write out labels for consignments of kippers to be sent to relatives back in Britain. On a typical day the Post Office at Douglas will have received by 2.30 several hundred packages of from one to six pairs of kippers, all to be delivered the next day by letter post.

The bonus for Deverau's is that at least some of these will be converted into regular orders.

Terry Kirk

Preparing herrings for kippering at Deverau's

For many people, however, the kipper has become a luxury even without the extra cost of postage, and, unfortunately for the industry, the extent to which it can remain within the range of ordinary pockets depends on factors largely outside the industry's control.

Supply for one thing is certain to be a continuing problem. New measures to save the Irish Sea herring fisheries from the over-fishing that has taken place elsewhere round the coast were announced last week by Britain in conjunction with the Manx Government, and this will largely halt fishing for the last three months of this year and, perhaps, longer.

Competition for the herring landed in the Isle of Man is also strong. Only about 10 per cent of the 8,000 or so tonnes landed in recent years on the island has been bought by kipperers, with most of the rest being barrelled for re-export to Holland, which boasts a prodigious national appetite for herring.

The increased Continental interest in Isle of Man herring—largely as a result of the closure or exhaustion of other grounds—has sent prices up dramatically.

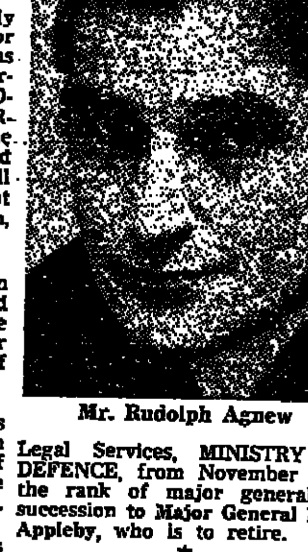
While landings on the island increased last year by 14 per cent on 1976, the first-hand value of the catch increased by 258 per cent from £1.2m. to £4.3m.

For evangelists such as Mr. Canipa, it is unthinkable that the humble kipper would not survive even at the less than humble prices it now fetches, and will fetch, if its scarcity increases.

His latest attempt to introduce it to a wider public was at the Royal Show, Warwickshire, last month. You have to be really convinced of the kipper's virtues to sell it to farmers at an agricultural show.

APPOINTMENTS

Gold Fields group chief executive



Mr. Rudolph Agnew

Mr. Rudolph I. J. Agnew is to become a deputy chairman and the group chief executive of CONSOLIDATED GOLD FIELDS from September 6. As previously announced, Mr. Gerald Mortimer is retiring from the position of group chief executive but he will remain on the Board. Mr. Agnew has held various appointments in the group, both at home and overseas. For the major part of the last ten years he has been chiefly engaged in the development of Gold Fields' interests in the construction materials industry in the UK and North America, through Amey Roadstone Corporation. Mr. Agnew was chief executive of ARC from October, 1974 until July this year, becoming chairman of that concern in 1976. He was appointed an executive director of Consolidated Gold Fields in September, 1973 and deputy group chief executive at the beginning of June last year.

★

Mr. Federick P. W. Maynard has now retired from the board of the LAND SECURITIES INVESTMENT TRUST and from all subsidiaries. Mr. P. J. Hunt has taken over as chairman of Ravenseft Properties and Ravenseft Industrial Estates in the place of Mr. Maynard.

Mr. T. W. Harrington, formerly chairman and managing director of Goodyear—Great Britain, has been appointed director, international accounts, for the GOODYEAR INTERNATIONAL CORPORATION. He will also be responsible for government and trade relations and policy and will continue to be based at present company headquarters in Akron, Ohio.

★

Mr. J. H. Hillier has been appointed finance director and secretary of GEC-HENLEY. He was previously financial controller of the engineering division of Lamson Industries.

★

Mr. William Alison, Glasgow's Director of Libraries, has been elected next year's president of the LIBRARY ASSOCIATION, the senior body of Britain's librarians.

★

The Secretary for Prices has made the following appointments to the WELSH CONSUMER COUNCIL for three years until July 1981: Dr. Margaret Evans, Mrs. Anne March, Mrs. Ceinwen Parry, Mrs. Beryl Williams, Mr. David Foulkes and Mr. Peter Law.

★

Brigadier S. A. McIlvenna has been appointed Director Army Legal Services, MINISTRY OF DEFENCE, from November with the rank of major general, in succession to Major General D. S. Appleby, who is to retire.

★

Mr. Donald C. E. Gribble has been appointed to the new post of executive secretary of the ELECTRIC VEHICLE ASSOCIATION OF GREAT BRITAIN from October 1. He joins the EVA from the Lead Development Association where he was manager of battery activities and editor of Lead Power News.

LABOUR NEWS

Civil servants' leader attacks pay guidelines

BY ALAN PIKE, LABOUR CORRESPONDENT

THE GOVERNMENT'S Phase Four guidelines show no sign that it is aware of "the realities of the present or the lessons of the past," according to Mr. Gerry Gillman, general secretary of the Society of Civil and Public Servants.

Mr. Gillman says in his union journal that the White Paper is "so disastrously inadequate and unrealistic" that even the Government could not seriously regard it as a workable policy for the next 12 months.

The crucial test for the public sector — "and for whichever Government is in power"— would come in November when local authority manual workers were due to settle, and the Pay Research report on Civil Service pay comparisons would be delivered.

The society must be prepared to meet the challenge and was, with other Civil Service unions, preparing contingency plans for action.

"We are also discussing with other public sector unions possible areas of co-operation, because the lesson of last year is that the Government's intransigence towards its own employees must be faced with all the strength and unity possible both within and between unions."

Mr. Gillman, accusing the Government of a "depressing poverty of imagination" over public sector pay, said that the rigid limit of 5 per cent would be "enshrined in cash limits and policed to two decimal points" in the public sector, while employees in private companies received more favourable treatment.

Differentials

"Once again they will be allowed to use the philosopher's stone of self-financing productivity deals to transform the 5 per cent limit into more glittering prizes.

"Discrimination against the public services would be perpetuated, and indeed intensified, instead of being put right."

Technicians and technologists have less and less incentive to undergo lengthy training, TASS, the staff section of the Amalgamated Union of Engineering Workers, says in its annual salary census published this week.

Differentials continued to decrease with particularly bad effects on young technicians.

Between January 1975 and last January, earnings in manufacturing rose by 51 per cent. The skilled technician basic salary at 30 and over rose by 42.7 per cent.

Managers and technologists suffered an even lower increase and this highlighted the need to re-establish adequate differentials.

Trawler fleet feeling tested by vote

Financial Times Reporter

VOTING BEGAN yesterday throughout the Aberdeen trawler fleet to find the strength of support among the 1,000 crewmen for taking industrial action to secure decasualisation of the industry.

National talks between the British Fishing Federation, representing UK trawler owners, and the Transport and General Workers' Union over the union's long-standing demand to decasualise broke down in July. The Department of Employment has asked the two sides to meet again under its auspices. No date has been set.

The Aberdeen trawlermen's committee of the union decided to go ahead with the ballot, which will take three weeks to complete, although talks with local owners on the issue are scheduled for next Monday.

Mr. Mel Keenan, the union's fisheries officer in Aberdeen—where membership is 100 per cent aboard the 85-strong fleet, making it the best organised in the UK, said yesterday: "The committee do not feel the Federation intend to have meaningful negotiations, and want to test the reaction of the members."

Confident

The question being asked of union members is whether they would be prepared to take industrial action if significant progress is not made over decasualisation. All the indications were of overwhelming support to decasualise, Mr. Keenan said.

"If we don't secure it there will be a stoppage, but we are determined to exhaust all levels of negotiations, both locally and nationally, before it happens."

Mr. Bob Allan, chief executive of the Aberdeen Fishing Vessel Owners Association, said it had assured the union locally that it was prepared for meaningful negotiations. It would be best for the talks to go ahead without pressure from a ballot.

The basics of a decasualised scheme must be worked out on a local level, although there were national considerations, such as a fisherman's right to unemployment benefit, which would have to be taken up by Government.

Chrysler BL merger urged by union men

BY OUR LABOUR CORRESPONDENT

THE GOVERNMENT was urged yesterday to take over Chrysler and merge it with BL as a means of halting any further erosion of the British motor industry.

Members of the Leyland trade union combine committee said that Chrysler workers must not be left to the mercy of promises from any more multi-national companies.

"Chrysler workers are not just fighting for their own future but the future of Britain as an industrial nation," said the committee. The conduct of Chrysler showed the contempt which multi-national companies had for trade unions and workforces.

The reaction of the Left-dominated BL committee is predictable. Since the Peugeot-Citroen offer for Chrysler's European operations there has been inevitable speculation about the possibility of Leyland making a counter-bid for Chrysler UK. Such a course is most unlikely.

Mr. Roy Fraser, leader of the unofficial toolroom workers' committee in BL, yesterday deplored disciplinary measures by the Amalgamated Union of Engineering Workers against 32 toolmakers on strike at the company's SU Fuel Systems factory in Birmingham.

Most of the men, who are in defiance of an instruction to return to work, are being fined £9 each for failing to attend a meeting of the AUEW East Birmingham district committee and explain.

The union is urging other workers at the SU plant to work normally in spite of the strike. Union officials went to the factory yesterday to deliver this message.

Disciplinary action, said Mr. Fraser, could lead only to acrimony and would not help resolve the problem.

Other BL toolmakers are providing financial support for the strikers, who claim that the company has not honoured a pledge to give them pay parity with other BL plants in Birmingham.

● Mr. George Wright, General Secretary of the Wales TUC, yesterday met representatives of BL's management at the Llanelli radiator plant, where an unofficial strike has resulted in more than 1,000 workers being laid off. The meeting, which continued late into the night, was set up to try to find a peace formula.

Scottish teachers in class struggle

INDUSTRIAL ACTION by Scotland's biggest teaching union could lead to thousands of primary schoolchildren being sent home this week at the start of the new term.

Members of the Educational Institute of Scotland are being urged to refuse to teach composite classes of more than 25 children and a union official said that this could lead to 6,000 children being sent home in Glasgow alone.

Mr. John Pollock, the union's general secretary, said that members at individual schools throughout Scotland were being instructed to hold meetings to decide whether to carry out the action.

Class size

If they voted in favour, they would have to give 48 hours' notice to allow head teachers to amend timetables and class sizes

The union wants composite classes — those made up of children from more than one educational stage—phased out of the Scottish primary schools system in urban areas.

Mr. Pollock denied that his union, whose members make up more than 90 per cent of teachers in Scottish primary schools, was seeking a confrontation.

But one looked inevitable yesterday when Strathclyde Regional Council, which includes Glasgow, confirmed it would be recommending head teachers to suspend teachers who refused to take composite classes with more than 25 children.

Flights may be disrupted by engineers' strike

BY NICK GARNETT, LABOUR STAFF

TALKS YESTERDAY failed to solve the pay dispute involving British Airways engineers who are due to start a 24-hour strike tomorrow.

The strike will disrupt flights, particularly from Heathrow, but the airline believes it will be able to operate most of its services.

There appears to be considerable resistance to the strike by engineers in British Airways European division, so that short-haul flights may be less severely affected than intercontinental services.

The airline's engineers are seeking parity with British Caledonian workers at Gatwick for work on wide-bodied jets. The claim largely relates to work carried out in British Airways' long-haul overseas division.

Miners stage walk-out

MINERS AT Cardowan Colliery, Stepps, near Glasgow, staged a walk-out yesterday in protest over retrospective payments which form part of the industry's national productivity scheme.

The 600 men are unhappy over the lack of progress in negotiations on the payments, said National Union of Mineworkers' Scottish executive member Mr. Graham Steel.

He claimed that the disruption was a predictable result of the productivity scheme, which the Scottish region of the NUM voted against.

"The scheme was divisive from the start," he said. "The union said that there would be problems and there are. Other coalfields will be affected."

He hoped the men would return to work soon. "Under the union agreement with the National Coal Board there can be no negotiations until the men go back."

The Coal Board said that the walk-out would result in a 500-ton productivity loss.

Social workers' action spreads

BY PAULINE CLARK, LABOUR STAFF

INDUSTRIAL ACTION by social workers was stepped up yesterday. The social services departments of the London boroughs of Tower Hamlets and Ealing were hit by strikes.

About 220 social workers from Tower Hamlets joined colleagues from Newcastle-upon-Tyne and the London Borough of Southwark in a protest march through the capital on the first day of their indefinite strike over pay gradings.

About 90 social workers from Ealing who took action yesterday were expected to be back at work to-day.

Welfare services in Tower Hamlets, where social needs are particularly heavy, are likely however to be as badly hit as those in Newcastle and Southwark, where social workers have already been on official strike for more than a week.

Most of the social workers are members of the National and Local Government Officers' Association which is supporting demands by the strikers for the abolition of national and provincial agreement on grading.

Although NALGO has now set up a special panel to oversee developments in the dispute, the union held out little hope yesterday of an early meeting with national employers' representatives to try to find a solution.

Grievances

In the face of what it described as "other simmering areas of trouble" in the country, the union said that it was up to the local authority employers to talk to their own social workers about their grievances.

The union favours the introduction of local bargaining rights to raise social workers' basic pay scales generally and to allow those working in "problem" areas to receive extra reward for heavier work loads.

Tower Hamlets was said by its social workers yesterday to be one of the toughest boroughs to work in throughout the UK with one of the highest rates of juvenile delinquency and some of the most sub-standard housing stock.

They also complained of serious under-staffing and have lodged a claim for a net minimum of £60 a week rising to £100 for qualified workers with seven years' experience compared with present rates of between £40 and £80.

The union has previously rejected an offer by the employers' side of the Greater London Whitley Council of a revised grading structure giving its 5,000 social workers —including those at Tower Hamlets—a rise of between £99 and £400 a year.

This would be on tope of the recently settled annual pay increase of just under 10 per cent.

APPOINTMENTS

PUBLIC NOTICES

INTERVENTION BOARD FOR AGRICULTURAL PRODUCE

INVITATION TO TENDER

Tenders are invited for the urgent supply and delivery c.i.f. from any EEC port of 10,000 tonnes of soft wheat destined as United Kingdom National Food Aid to the Government of Tanzania. The wheat is to be loaded into one ship and delivered without delay to the port of Dar-es-Salaam.

The allowance for the supply and transportation costs of the grain will be determined on examination of the Tenders.

Delivery terms embodied in a Notice of Invitation together with Tendering Forms may be obtained from: Branch B (Cereals), Internal Market Division, Intervention Board for Agricultural Produce, 2 West Mall, Reading. (Tel: Reading 583626.)

Tenders must be submitted by 12 noon, Tuesday, September 5, to:

Home Grown Cereals Authority,
Hamlyn House, Highgate Hill,
London N19 5PR.

GREATER LONDON BILLS

£35m Bills issued 17.8.78, maturing 16.11.78 at 8.96%. Total applications £150m. Bills outstanding £60m.

PERSONAL

APPOINTMENTS

LEGAL NOTICES

No. 002464 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of RAUTOBOURNE LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by The High Court of Justice was on the 3rd day of August, 1978, presented to the said Court by CULVERGRAPHICS LITHO LIMITED whose Registered Office is situate at Finings Road, Lane End, Buckingham, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, W.C.2, on the 16th day of October, 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

PARLETT, KENT & CO.,
27, Craven Street,
London, W.C.2.
Solicitor for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 13th day of October, 1978.

COMPANY NOTICES

BANQUE NATIONALE DE PARIS
Floating rate note issue of US$75 million February 1978/84

The rate of interest applicable for the six-month period beginning August 21st 1978 and set by the reference Agent is 9.25% annually.

ESSO PETROLEUM COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the TRANSFER BOOKS of the 5½% First Debenture Stock 1974/78 of this Company will CLOSE finally on 1 September, 1978, and not re-open.
E. S. KIRK, Secretary.
Victoria Street,
London, S.W.1.
15 August, 1978.

RANSOMES SIMS & JEFFERIES, LIMITED

NOTICE IS HEREBY GIVEN that the TRANSFER REGISTER for the PREFERENCE SHARES will be CLOSED from the 1st September, 1978, to the 15th September, 1978, both dates inclusive, for the preparation of dividend warrants.
By Order of the Board.
L. W. BRYANT, Secretary.
Nacton Works,
Ipswich.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● IN THE OFFICE

Dictation system

DICTATION equipment which offers the convenience of micro-cassettes and the flexibility of both desktop and portable recording units has been introduced by Dictaphone Corporation.

Micro Master Model 380 is designed for dictation and transcription on micro-cassettes, which duplicate the quality, performance and capacity of standard cassettes on a medium one-third the size.

A microprocessor-controlled light emitting diode (LED) display panel has a flashing electronic cursor which constantly indicates the location on the cassette. This is true in all modes, including fast forward and fast rewind, for both the author and the secretary.

The microprocessor also controls Dictaphone's exclusive Q-Alert indexing system, which eliminates indexing slips by allowing the author to record signals on the tape to indicate the number, location and length of dictated documents and make reference to any special instructions for the transcriptionist. The transcriptionist automatically generates an identical electronic display of this information when scanning the dictation.

Another feature made possible by the microprocessor is Dictanalysis, a self-diagnostic capability that facilitates servicing the unit.

Dictaphone, 120 Old Post Road, Rye, New York 10580, U.S.

A turbocharged three-seater helicopter at the final assembly stage in the Spooner Aviation hangar at Shoreham Airport, Sussex. The American manufacturer of the aircraft, Enstrom of Menominee, Michigan, has appointed Spooner Aviation (079 17 6166) as sole distributor in the UK and Eire. Apart from passenger-carrying the aircraft can be used for the transport of light freight, crop spraying and rescue operations. Maximum speed is 117 mph.

● MATERIALS

Puts marks on red hot metal

AMONG THE latest marking devices to be offered by Lawtons, of Liverpool, is a crayon which can be used to apply identification marks on metal components whether they be *ice-cold* or red hot.

It is stated that it will write smoothly on metal at 2,300 degrees F and will retain its colour and clarity as the metal cools. No fumes are given off when the crayon is applied and it does not melt or drip.

The crayons are supplied in white, green, aluminium or red and there is also available an aluminium holder with an extension piece which enables the user to stand away from very hot material. The crayons are supplied by the company's Coding and Marking Division, 60, Vauxhall Road, Liverpool L69 3AU (051-227 1212).

● CONSTRUCTION

Many roles expected for new high strength material

DEVELOPMENT of a process for the production of a new structural and cladding material called Fypol, and its subsequent successful use on a small scale, is to be followed by a major effort to establish it as a material in its own right and as an economic alternative to other similar products already well established in the building materials market.

Fypol is a patented process in which mineral aggregates are bonded with resins and cast into a variety of components ranging from permanent formwork to composite building panels. Resins, glass fibre or steel can be incorporated to meet particular requirements for strength and rigidity and a variety of finishes applied during manufacture.

The company promoting the material suggests that the first products (and they have already been used in the construction industry) *might* well be bridge panels and simple cladding for industrial buildings. The bridge panels can be used as permanent shuttering for concrete work, thus eliminating the need for timber or steel formwork.

The cladding is thought to be particularly suitable for use in place of corrugated asbestos sheeting. Longer spans are said to be possible, thus saving the cost of supporting structures. The panels can be made in the factory with whatever type of finish is required.

The cladding panels can also be bonded to a foam core to provide insulated roof and wall cladding. Panels of this composite type can be made and finished in one operation.

These two types of panel, it is stated, could make the "bread and butter" line for a company embarking on a manufacturing programme. Other applications envisaged for the material include prefabricated buildings, sewer, tunnel and shaft linings, and chemical-resistant wall linings in factories.

The company which has developed the material, Fypol International Consultants, San Marino Court, 9/10 Pembroke Terrace, Bridlington, North Humberside, Yorks (0262 72500) is now offering manufacturing licences, technical advice and assistance in setting up factories. It says manufacture can be undertaken with unskilled labour and comparatively simple equipment for casting the material in sheet form. It is reckoned that a 50,000 sq ft factory could produce 1m sq ft of composite panels and about 250,000 sq ft of bridge and cladding panels a year. Standard size of the panel is three metres by one metre and thicknesses can be produced according to needs.

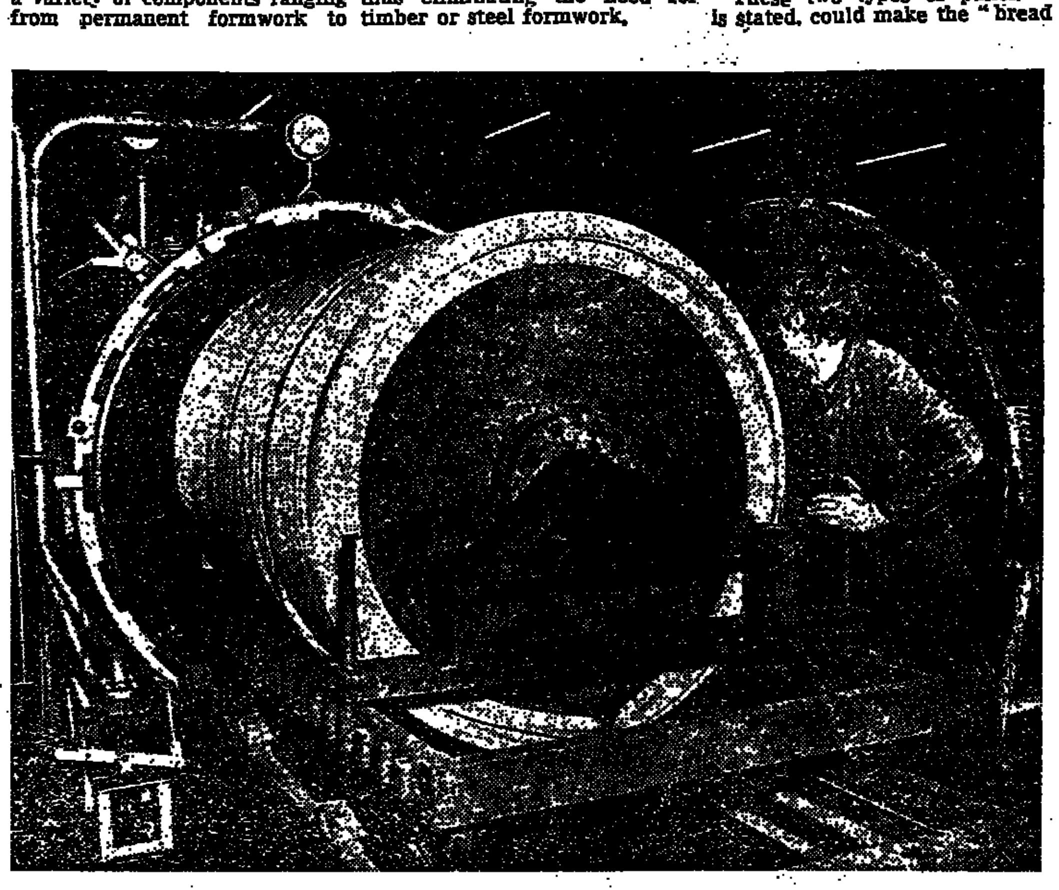
Cured with ultra-violet

FORMULATED to operate in an ultra-violet system a varnish has been produced by Edward Marsden, Hull, to complement its range of Diacure inks. It is available in gloss or matt finish to suit individual printer's requirements.

The Diacure curing inks are being applied by printers using foil metals, paper and board as the basic substrates. Printers will be able to varnish using the same curing system. This should enhance the attraction of the method for printers producing such lines as labels, cigarette packets, butter wrappings, cartons with foil surfaces and a variety of other products where scratch and rub-resistance are of prime importance.

Over-printing with the new Marsden varnish can be carried out immediately after, or as part of, the normal printing process, using the ultra-violet system.

Edward Marsden, Rotterdam Road, Sutton Fields, Hull.



A 3½-ton rubber covered steel roll from British Steel Corporation's tin-plate strip mill entering an autoclave for vulcanising at the Hirwaun, South Wales, plant of Harefield Rubber Company. The newly applied uncured rubber is bound with nylon to help exclude air and to mould the laminations before vulcanising under pressure at 315 degs F for several hours. Harefield's South Wales plant re-covers rollers weighing up to four tons for the steel, metal decorating, printing and other industries.

● AUTOMATION

Sees object on the move

LEDRAY/T is a self-contained photo-electric equipment which has its own programmable time delay. It will detect moving objects up to three metres away.

Solid-state circuitry and resistance to vibration make it highly suitable for tough industrial environments and the equipment has long service life.

Setting the time delay between 0.2 and 48 seconds is by simple switches. Two small LED indicators show when the unit is aligned and when the output relay is energised.

Typical applications include blockage detectors on conveyor belts and feed control on all forms of automated processes.

Londex (GEC), POB 79, Oakfield Road, London SE20 8EW. 01-659 2424.

● SERVICES

Fast action sealing

FORMED TO provide a complete service of metal impregnation capable of pressure-sealing components such as diecastings, sintered parts and laminated electrical components, R. J. Metal Impregnations (PSM Fasteners Group) proposes to offer same day processing and dispatch where this is required.

The company will apply the Loctite vacuum impregnation process which combines an anaerobic sealant with vacuum operation to give better component finish, chemical resistance and ability to withstand pressure of at least 2,000 psi.

Impregnation cycles take about 20 minutes to complete and full cure of the sealant a further 20 minutes. There is no shrinkage and heat-treatment is not required.

Treated components are clean, free from surface residues and ready for immediate machining, painting or plating.

R. J. Metal Impregnations, Anne Street, Willenhall, W. Midlands, WV13 1EZ.

● ELECTRONICS

Monitors of high quality

HIGH QUALITY monochrome crt monitor units from Plessey will be useful to manufacturers of computer visual display units, in particular, for such applications as word processing and phototypesetting, which require high character density displays. It is capable of displaying alphanumeric characters and basic graphics.

The suggested format is 25 rows of 80 characters each, giving a total of 2,000 characters. Plessey is one of the few monitor manufacturers providing its own deflection coil and flyback transformer. This facility enables makers to match the characteristics of these components to the crt and so to obtain economically a very high quality display. Corner focussing, in particular, is greatly improved. Up to 90 per cent of the screen area can be used.

Currently, Plessey Wound Products is manufacturing 12 and 15 inch sets. All drive circuitry is contained on a single, high quality printed circuit board ensuring easy servicing and reducing potentially unreliable interconnections.

The monitor has been submitted for approval to Underwriter's Laboratories in America and will be exhibited at Elektronika in Munich later this year.

Additional technical details from Plessey, Titchfield. 03294 43031.

Gives crisp images

HIGH RESOLUTION pictures can now be obtained with Hewlett Packard's model 1336S display with the decision to make it available with an electrostatic deflection cathode ray tube.

Its high resolution makes it particularly suitable for scanning auger microprobe applications; about as good as Polaroid 5 x 4 film, the resolution is also described as compatible with the resolving power of the human eye on a 5 x 4 inch photograph viewed at about 25 cms.

Very low power consumption, inherent in electrostatic displays, contributes significantly to reliability and reduced maintenance. The inherent stability, lower component count and simpler circuits also mean fewer and less frequent adjustments.

Hewlett Packard is at King Street Lane, Winnersh, Wokingham, Berkshire, RG11 5AR (0734 784774).

● METALWORKING

High speed cutting off

THREE high production rate, purpose-built abrasive cutting-off machines are available from the Universal Grinding Wheel Company of Stafford (Unicorn Industries).

The range is a step forward in mechanical and abrasive cutting-off in terms of floor to floor speed, accuracy and safety. They combine Universal's knowledge of abrasive technology with the experience of grinding machine design accumulated by Snow and Co, Sheffield, which will make them.

The range consists of the C1: a semi-automatic abrasive cutting-off machine for foundry and general engineering work—C2: a fully automatic machine with integral racking and bar feed mechanism, suitable for general engineering applications wherehigh feed rate is of importance and the C3: a heavy duty, high power, hot or cold cutting-off machine primarily for in-line rolling mill applications.

Universal Grinding Wheel, Dorcey Road, Stafford, ST16 1EA.

● DATA PROCESSING

Warning for the small business

TURNING its attention to smaller companies with a turnover of between £250,000 and £2m, Infotech International, Europe's largest training and conference group, has warned them that it is no longer a question of whether they will have a computer but when.

The Infotech message is that an enormous range of small business computers exists. Far from demanding million-pound investments, one of these can cost as little as £11,000. It will require no special power supply, air conditioning or false floors.

The right choice of computer should reduce the firm's administrative costs, increase productivity and speed-up cash flow. But the wrong choice is likely to have percisely the opposite effect, possibly to the extent of bankruptcy.

Infotech's "Buyers' Forums" are a feature of the computer scene. In September the company will hold the first to be devoted entirely to the small business ocmputer. Although it will be aimed primarily at executives of small businesses, delegates are also expected from larger concerns that have local branches, subsidiaries or divisions that operate like small autonomous firms.

Previous technical knowledge of computer systems is not a necessity for delegates to the Forum, which will be at London's Regent Centre Hotel from September 26-28. It will cover three full days of intensive study plus the opportunity to view and discuss up-to-date equipment and peripherals at the associated exhibition.

Infotech, Nicholson House, Maidenhead, Berks, SL6 1LD. 0628 35031.

Speeds the in-bulk shopper

HEDDENS IS to install automated sales equipment at a new 25,000 square foot warehouse currently nearing completion in Wingate Road, Luton.

With a minicomputer, 10 megabytes of disc storage for customer and product files, three checkout stations, four high-speed matrix printers for invoices, goods received notes and labels, and a manager's control console, the real-time computer system will help make the new general grocery warehouse one of the most technically advanced in the country.

Heddens (Keencost and Carry Group) selected Real Time Control equipment for the job largely because of the variety of management aids supplied with the basic customer outgoing data capture system.

Coupled with extremely simple operational methods the RTC equipment is expected to make this new cash and carry centre, installed in an ex-Spillers bakery at a cost of more than £½m a going concern from the start in October.

RTC is at Kebbell House, Carpenders Park, Watford, Herts. 01-428 0088.

Free data row in prospect

THOUGH industrially advanced countries including the U.S., Britain and West Germany are not members of the Unesco inter-government information processing agency known as IBI, the latter's forthcoming conference in Torremolinos could place a strain on international relationships if anticipated moves on data access are made in time.

At least 45 countries—and it could be as many as 80 or 100—are expected to be represented in the session which will stretch out over 10 days from August 28 to September 6.

In theory they will be there to discuss how governments can develop methods of using data processing to better effect, so as to improve internal administration, mobilise resources and keep better control of development plans. This is why so many of the developing countries will send staff.

Technocrats will abound, but what is worrying them, particularly on the French side, is the probability that America will make available, free, the data it holds in computer files that the U.S. has derived concerning resources of countries around the world through such programmes as the Landsat, ERTS and other satellite launches. In addition to this, other databases of relevance in many other areas may made available, together with the communications resources that are essential to gain access to them.

The intention would be to open these facilities at no charge. France is understood to be preparing a counter.

One topic which is closely linked to the foregoing is that of the control of the flow of information across national frontiers, which is now beginning to look like one of the more thorny problems so far to have emerged from the convergence of comting and communications.

The Management Page

British Rail's brainchild returns to the fold

IN THE private sector of business, it would be unusual, to say the least, for a company to create a subsidiary, sell it and then ten years later buy it back. But this, in effect, is what has happened in the public sector, under the influence of political currency rather than cash, to Freightliners.

Freightliners was created in 1965 as British Rail's answer to the container age. It aimed to exploit the ability of railways to trunk quickly and cheaply over long distances, and the flexibility of the lorry to deliver containers from railheads.

As one of British Rail's brightest post-war ideas, railwaymen were justifiably aggrieved when three years later control of the company was vested in the newly formed National Freight Corporation, which was founded partly to pursue the vision of "intermodalism" which Freightliners had started on the railway tracks.

Ten years later, that particular experiment is over: Freightliners has formally reverted to 100 per cent British Rail ownership. The transfer decision was designed chiefly to sweeten the rail unions at the end of a long and sometimes bitter debate between the road and rail transport lobbies.

Sir Daniel Pettit, chairman of the National Freight Corporation, invested his message on the eve of transfer earlier this week with some of the emotion the issue has aroused. "Freightliners is a member of the NFC who has left home," he said.

Seen from BR's point of view, however, ten years is a long period for a growing child to be away from its parents, and it may well take the railway time to adjust to the homecoming once the welcome home celebrations are complete. Fears about possible incompatibilities were behind the considerable volume of protest from Freightliners' customers about the transfer. Above all, these customers fear loss of flexibility in both decision making and operations as a result of BR ownership.

Different style

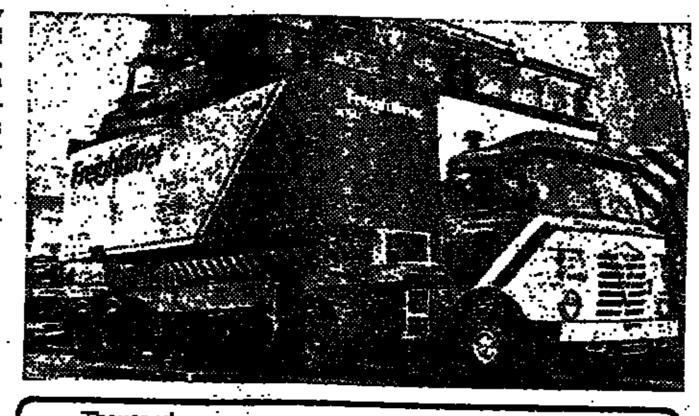
In terms of management style, British Rail and National Freight could hardly be more different—that is in so far as relationships with Whitehall permit the emergence of character in state-owned industry. British Rail is long-established and from its headquarters in a former railway hotel in Marylebone Road radiates an atmosphere which is somewhere between that of a large business and a Government department.

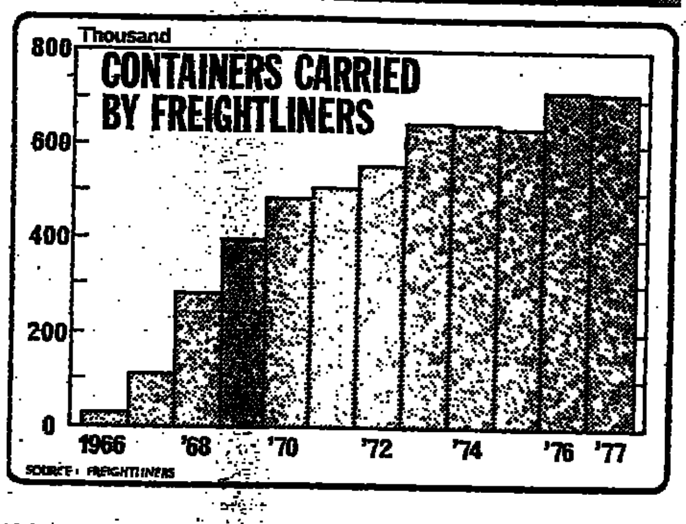
The advent of Sir Peter Parker from Rockware as chairman has done something to emphasise the private business atmosphere, especially the railway's interest in marketing, but the old "we are here to run the railways sir" attitude is far from gone.

National Freight has been led for most of its history by the enthusiastic and good-humoured Pettit, a former Unilever man. Its mistakes have been those of over-enthusiasm, its contribution a willingness not to graft private sector attitudes on to state industry as a grudging sop to the latest Minister, but genuinely to attempt to apply them in the highly competitive road transport business.

Freightliners emerges from this school. It is accustomed to a high degree of autonomy, uses its 36 terminals as profit centres and can even tell you, through rapid computer analysis, whether container No. 132 on the Southampton-Glasgow run is a profitable item of business, and if so, how profitable.

Its management structure is light, but with most of the weight it possesses concentrated on the marketing side.





Although even during NFC control British Rail retained a 49 per cent stake in the business, the railway acted primarily as a contracted trunk haulier, selling block (complete) trains to Freightliners. Under British Rail before 1968 Freightliners was not even shown as a separate item in the accounts.

Cyril Bleasdale, 44, who is staying on as Freightliners' managing director, was a station master at the age of 21 and knows his railways. As a former group manager of British Transport Advertising, another BR subsidiary, he is also familiar with the way the railway traditionally deals with its offshoots.

He does not doubt that there will be clashes of style, but believes the outcome could be creative for both sides. "We are certainly going to be a test bed, because we are the first separate subsidiary company within British Rail to be in the business of directly selling railways. Other subsidiaries sell things like ships and hotels, but we are in the core business and determined to retain our individuality there."

Sir Peter Parker certainly believes that BR is ready for the challenge. He has preached the Japanese "zaibutsu" business house concept since his arrival at Marylebone Road, and has even spoken of giving relatively small bits of the business, such as train catering, their own boards of directors. So far there may have been fewer concrete changes than statements of intent, but the message is certainly on the wires.

Even so, both sides have felt it desirable to confirm Freightliners' existence as a separate creature by recently signing a sort of declaration of independence for the container company. This document, based on the premise that Freightliners will be subject to "no additional oversight" as a result of the transfer, will no doubt be the source of the odd constitutional row in the future.

There is in practice a multitude of small issues through which the nature of the relationship between Freightliners and its parent will be re-defined, such as the question of overlap between containerised freight flows and BR's own high-speed wagon-load service, Speedlink, and the pricing policy BR adopts in charging Freightliners for trains.

Both these matters have caused friction in the past and although tension in future is likely to be a more private, internal affair, the aim will certainly be to synthesise a "commercial" relationship between BR and Freightliners in determining things like investment allocation, service levels and allocation of overheads.

This last area, traditionally the railway accountant's nightmare, is one where much recent effort has been concentrated following heavy public criticism that BR was unable either to discover or disclose cost and profit information about many portions of its business.

In the end, though, the character of the relationship between Freightliners and its railway will depend chiefly on how the container company performs. If it does well, British Rail may well be content to act chiefly as the container company's banker.

At present, the financial health of Freightliners is finely poised. It looks like improving slightly this year on last year's £1.4m trading profit (it lost £2m in 1969), but is still far from generating the resources to finance its own growing asset replacement needs.

Capital requirements will be particularly severe during the 1980s as terminal cranes purchased during the pioneering days wear out. This will require a minimum of £5.5m a year investment, compared with the £3m NFC was able to provide this year.

Spending

It is interesting to note that although Freightliners has increased turnover fivefold and almost trebled its volume of business during NFC ownership, it received a total of only £15.8m during that decade for capital spending, compared with the £67m BR has already been able to promise for its new Speedlink concept, launched only about a year ago.

Freightliners' management is perhaps justified in hoping that the railways' investment pot will be deeper than that of the NFC, for whom the cash spent on Freightliners represented well over 10 per cent of the corporation's total capital outlay in the period.

There is no doubt, though, that Freightliners is potentially a growth business and this for a railway which has seen total freight carrying slump by over 11 per cent in the last ten years, is a big encouragement in itself.

In the next decade, there will also be a number of special factors working in Freightliners' favour. The biggest of these, but also at this stage the biggest unknown, is the energy question, which is certain at some point to make rail haulage relatively cheaper than road, but at which point no-one can say.

More certain improvements in competitiveness in the shorter term will come from the effects of EEC legislation restricting single-manned heavy lorries to a 450 kilometre day, and the gradual effects of the Government's stated intention of increasing taxation on the heaviest lorries. Freightliners reckons long-distance hauliers' costs could increase by between 2 and 9 per cent in the next five years simply under the influence of these changes.

Freightliners' current five-year plan—the planning framework is now being increased to 15 years, another effect of the transfer to rail—shows an 11 per cent volume growth in the period. Most of this will come from Britain's increasing EEC trade and in trade with Eire, both of which Freightliners expects to generate 5 per cent a year extra traffic volume. This will give the company only 39 per cent of its business within the UK, with 36 per cent involving deep-sea shipping connections and 17 per cent Europe.

All these forecasts are based upon retaining the Freightliners network at its existing size, and they assume no technological advances. The most useful item in the latter category would be the development of a low level Freightliner rail wagon to enable standard containers to use the railway lines through Kent to Dover for the first time. British Rail's Derby research centre is working on this problem now. Efficiency is also bound to increase from next year when Freightliners' real-time computer facility comes on stream, giving more detailed control over individual container locations.

So the signs in the market are good for Freightliners as, indeed, they are good for railways.

The question for British Rail in terms of management and organisation is whether it can use Freightliners to strengthen the scope of its freight marketing message without cramping the style of a business with a reasonable record of progress. If BR can live with a genuinely autonomous Freightliners, the chances of success in its other devolutionary ambitions will be that much greater.

Ian Hargreaves

In the wake of the Post Office dispute comes news of a way to make reverse charge international calls without going through the operator

How to dial Paris for the price of a local call

A NEW YORK financier called Allan Newmark noticed, a few years ago, that Europe had no equivalent of the American toll free telephone service. So he moved fast.

Or comparatively fast, because negotiating with European Post Offices is a notoriously time-consuming business. Now, four years and $4m later, Mr. Newmark is ready to introduce an important new telephone service which he says can cut costs for his customers and make him a lot of money at the same time.

Toll free dialling was introduced into the U.S. in 1967 and is basically an automatic system used by large companies to enable their customers to reverse charges without having to go through the operator. A customer in, say, New York, can pick up a telephone and dial a toll free number preceded by the special code of 800. He will then be connected to the company's head office anywhere in the U.S. without having to pay a long distance charge.

Cheaper than branch office

The call charges are paid by the company which subscribes to the toll-free system. Often companies find it cheaper to pay the long-distance telephone charges rather than to maintain a network of branch offices.

Credit card companies use toll-free numbers to enable shopkeepers and hotels to call up a central computer office to check the validity of cards. Airlines and hotels use the system widely for bookings. And many companies with goods or services to sell have toll-free numbers to encourage customers to call them.

In the US the system is run by the state telephone authorities in conjunction with the giant AT and T which makes the equipment.

In Europe as a whole, no such system has developed—for several reasons. Perhaps the main barrier was that no international body existed which was capable of getting the system off the ground. Telephone systems in different countries are technically and administratively separated. Most important of all, post offices dislike the idea of collecting revenues from subscribers in another country, because of the inconvenience and the risk of bad debts.

However, the problems which inhibited public enterprise now appear to have been solved by a private company founded by Mr. Newmark called Group 800, and registered in Amsterdam. It has brought over equipment from Western Electric, subsidiary of AT and T, adapted it, and has now nearly completed the laborious process of gaining approval from the European telephone authorities.

Mr. Newmark's effort to woo the European PTTs was doubtless helped by the fact that the vice-president of Group 800 is Mr. Cliff Duncan, former head of AT and T's overseas services division, and consequently well known to most of the top officials in Europe.

Even so it took three and a half years, and an investment of more than $4m to get the system operational. Group 800 now operates 100 lines which it rents to airlines, hotel chains, credit card companies and other internationally minded organisations.

Group 800 obtains a telephone number in any European city that the customer requires. The group then sublets the use of the number to its customer though it retains responsibility for paying the bills to the telephone authority.

The Group attaches its own special equipment to the line which will automatically re-route local calls to an international destination specified by the group's customer. Any caller pays a local charge only, while the customer pays the international charges on a monthly basis.

Gulf Air, for example has a number in Zurich attached to the system. A caller in Zurich wanting to check a flight time would call the local number, and probably would not know that he was being connected automatically to the airline's office in Frankfurt.

Group 800 pays the international part of the telephone bill to the Swiss PTT and then eventually bills Gulf Air. Gulf Air will also pay a rental charge to Group 800 of £157 a month for the equipment used.

Even this relatively high charge may be much less than the expense of maintaining an office in a foreign capital.

Use in fight against fraud

Mr. Newmark says that as yet his group has no plans to extend the system for use inside national boundaries. But, clearly, the equipment could be adapted to this purpose if the telephone authorities would allow it.

One of the big possibilities he foresees is extensive use of the system by credit card companies in their fight against organised fraud. At present a credit card stolen in, say, New York, can be flown to a European capital, where it can be used for several days before its number appears on the lists of stolen cards.

To cut down this delay, American Express is establishing a computer centre in Brighton, which will be in close contact with a similar centre in the U.S. Mr. Newmark believes this system would be ideal for allowing shopkeepers and hoteliers on the Continent to check with the Brighton centre if they had any query about a card. Already Eurocard has a network of 11 numbers linking foreign capitals to its centre in Brussels.

Several systems in Europe offer toll free dialling within national boundaries, but only Group 800 can deal with international calls. In the UK, the Post Office operates a Freephone system which is inherently expensive, somewhat slow, and obviously vulnerable to labour disputes. Whether or not the Post Office decides to move to an automatic system in the British Isles, it seems clear that Group 800 will enjoy a profitable monopoly of international business in several years.

And by the time any competitor has gained approval for its own equipment Group 800 will, as Mr. Newmark says, probably have "creamed off the best of the business."

Max Wilkinson

Business books

Management Decision Support Systems, by Andrew M. McCosh and Michael Scott Morton. The Macmillan Press. Price: £10.00. The authors set out to show how a manager without technical computer training can use a simple typewriter or visual display terminal to solve basic management problems of pricing, investment or takeovers.

A Textbook of Economics, by Murray Wolfson. Methuen and Co. Price: £12.00. This introduces what is claimed to be a new departure in the teaching of university economics, reflecting the intensive development over the last two decades of linear economics and general equilibrium concepts.

The Public's Business, by Annmarie Hauck Walsh. The MIT Press. Price: £14.00. The aim of this study is to analyse public authorities. It deals with government-owned businesses that raise capital by issuing revenue bonds in the private money markets and invest it in public facilities.

LOMBARD

Where juries are a hindrance

BY DAVID LASCELLES IN NEW YORK

THE RECENT decision by Xerox and IBM to end their bitter feud by giving each other access to their licences over the next five years is bound to add to the already considerable technological strength of both companies. But it also highlights an issue of some current interest in Britain: whether courts of law, particularly those with juries, are equipped to handle modern patent cases.

Exasperation

The very fact that Xerox and IBM, both of them ardent litigants, should have decided to call it a day is itself a good indication of what those in the thick of the action think. IBM, for instance, regards recourse to law as a purely business decision, based on whether or not it is worth the company's time, effort and money. But though this truce ends no less than 12 cases outstanding between them, the two companies are still embroiled in at least as many suits with other companies and the anti-trust authorities which are likely to last several years. Two of them are good examples of the extremes to which modern-day company litigation can go, and both have produced evidence of mounting exasperation in the judiciary.

In 1973 Xerox was sued for $1.5bn by SCM, an office equipment company, for allegedly depriving it of access to its dry copier technology back in the 1960s by hiding it in "a thicket of patents." This case recently became the longest jury trial in U.S. legal history. The 50,000 pages of evidence it amassed was so complicated that the judge was forced to feed it to the jury in the form of no less than 62 questions, each requiring a straight and unanimous yes or no. Even so, the jury was unable to cope. Three of their answers were contradictory, something of which they were not aware until the judge pointed this out and directed them to reconsider, which they did. But their new answers swung the balance of their verdict away from Xerox towards SCM, an indication of the complexity of the issues being weighed.

A more outspoken intervention was made by the judge in a current case involving IBM. The computer maker was sued in 1973 for $1bn by Memorex, an electronics firm, for allegedly trying to monopolise the electronic data processing industry. The jury finally went out on June 8 of this year and deliberated for four weeks before confessing that it was unable to reach a verdict. So the judge declared a mistrial and gave a directed verdict in favour of IBM despite the fact that the jury had been split nine to two in favour of Memorex. In a statement that is being studied for its broader implications, the judge explained his reasons for ignoring the jury's inclination as follows: "The magnitude and complexity of the present lawsuit render it as a whole beyond the ability and competency of any jury to understand and decide rationally."

IBM naturally welcomed this verdict, though its chairman Mr. Frank Cary added wearily "as I've said before, there ought to be a limit to the number of times we must go to trial on these old issues. Each trial seems to be a repetitious waste of time, money and energy." Mr. Cary might have saved his breath, for even as he sopke Memorex announced it was going to appeal.

Both these cases, Memorex in particular, have added to the feeling among the general public and the judiciary that juries are a hinderance rather than a help in complicated patent suits. Three recent cases have resulted in the striking of jury demands because the issues were judged to be "beyond the practical abilities and limitations of a jury." There was even a recent case in California involving a complex Coca-Cola franchise where the judge overturned the jury's verdict on the grounds that its members had failed to grasp the facts of the case.

Oratory

According to the U.S. constitution, any suit involving more than $20 should be tried by jury, an indication, lawyers say, of how antiquated court procedures have become. But views differ on whether juries should be got rid of altogether. Defendants tend to prefer trial by judge because plaintiffs with marginal cases are less likely to baffle the court with complicated language: such trials are also quicker, and the decisions are more clear-cut and well-reasoned because, unlike a jury, a judge is obliged to explain his verdict at length. (This also makes a verdict more sustainable on appeal). Plaintiffs, on the other hand, prefer jury trial because it puts extra tactics like oratory at their disposal and leaves open broad avenues for appeal.

The rights of sponsors and producers

FILM AND VIDEO

BY JOHN CHITTOCK

THE PRODUCTION of a sponsored film or video programme is a complex business transaction, rather like the design and construction of an office block. It involves a vast array of specialised technical services: it demands careful cost control and critical path planning (but is seldom amenable to such methods); it may involve the acquisition of rights (or the surveyor's equivalent of way-leaves, ground leases and Ancient Lights); and it is the quintessence of art, business management and technology in what the sponsor hopes will be a consummated marriage.

There, perhaps, the analogy ends. The architect can produce drawings, models, even photo-composites, to show almost precisely what the building will look like (even though many objectors will rightly claim that such impressions can be grossly misleading). The film producer can only rely on the words of a treatment script—a kind of essay that describes content, attitude and intended effect. But words are a poor substitute for moving pictures and sound: the producer's knowledge of what is possible is usually far greater than the sponsor's who can only hope for the best when a script refers to "a montage of the company's quality testing programme, cut to modern music."

The film-maker, if he is good, will have a very clear idea of the intention behind such a line ad will certainly have a professional appreciation of the potential that the subject offers in such treatment. But without combining the talents of Marcel Marceau, T. S. Eliot and Barnum and Bailey, it must be left to words on paper to convey that potential. And between the idea and the fulfilment is a very tenuous, intangible process of production that is more susceptible than most to human frailty, Acts of God and Murphy's Law.

In consequence and not surprisingly, many sponsors seek adequate protection in the form of contract that is used to commission a film. Some aspects of production are amenable to legal definition, most are not, and for the unwary sponsor it is important to know the difference.

The substance of what may be reasonable and practicable is available in an outline contract prepared jointly by the British Industrial and Scientific Film Association (which represents most of Britain's leading film sponsors) and the Association of Specialised Film Producers. This takes as its starting point the normal practice of considering film production in three approval stages—the script, the "rough cut" or "cutting copy" (which is an assembly of the rushes with a rough recording of the commentary) and the delivery of the "answer print" (the first, completed copy of the film). Payment may be also phased to these approval stages with an additional stage at the beginning, on commissioning, although frequently payment is reduced to three parts: on commissioning, acceptance of script and completion of film.

The BISFA/ASFP contract contains standard provisions to cover delays, non-execution, termination and increased costs. The latter is a subject that inexperienced sponsors, perhaps understandably, are excessively nervous about. Protection against escalation in the price is provided by the restriction of rises to increments in charges for labour, materials and services plus changes to the film requested by the client outside the basic agreement. There may be, additionally, the iniquitous "bad weather clause" under which the producer may charge the extra costs incurred in waiting for "suitable" filming weather. Courageous is the sponsor who insists on his filming being carried out under specified weather conditions—thereby accepting the insertion of a "bad weather clause."

In practice, such protection against price rises is rarely necessary. Almost without exception, sponsored film companies in Britain are a conscientious and caring lot. If costs rise during a production, even because of labour or material increments covered in the contract, more often than not the rise will be absorbed. Rarely will a production company fail to deliver at the original contract price, whatever the contract says, unless there have been exceptional circumstances precipitated by the sponsor.

The budgeting of a film is an inexact science, and in practice the average producer uses experience and intuition as much as accountancy to know that the swings and the roundabouts will get him home with a fair profit and a satisfied sponsor. In the process, the producer will make decisions that are costly to his own budget, inessential to the terms of the contract, but possibly of benefit to the end result. It is a calculated creative risk; to abandon the risk would be to accept mediocrity: but much of the expenditure will inevitably be wasted. Thus a complicated shot that could take a whole morning to organise may finish up on the cutting room floor simply because it just does not fit into the whole very well. And in spite of the absence of a bad weather clause, most producers will still keep a unit waiting—or go back for a second time—in order to get the right weather if it is really important to the film.

A film contract should be clear about specifying the ownership of rights. Invariably the rights in a sponsored film pass over to the client on completion — but inevitably excluded will be unrestricted rights in material that has been acquired from third parties. Music employed in a film usually comes into this category, and the contract should specify whether the rights in the music have been acquired for non-theatrical use only (i.e. not cinema or television).

It is important for the contract to specify on what terms copies of the film will be provided after its completion. The BISFA/ASFP contract specifies that ownership of the master negatives shall pass to the sponsor on completion but that provision of further prints and foreign language versions shall be commissioned only from the producer, on terms to be agreed in a separate contract. It has been known for the rare, unscrupulous producer to load the cost of prints excessively — a situation in which the sponsor becomes helpless. Curiously, professional still photographers retain ownership of negatives commissioned by clients and the Copyright Act endorses this.

Despite such attempts at legal protection, the sponsorship of a film is largely an act of mutual trust. It is impossible to use the law to guarantee creative success. In consequence, some experienced sponsors use nothing more than a simple letter of agreement, relying on their intimate knowledge of the production company as their best safeguard.

After making provision on the key legal points, the best insurance for creative success begins with the sponsor providing a clear and manageable brief, an adequate budget and plenty of time. Above all, time is an essential ingredient in good film-making. Such elements will help, if not ensure. But film is a fickle medium. Two weeks ago, Canadian Pacific previewed a recruitment film —*Maritime Managers*—which was commissioned only a few days before the ship on which it was shot actually sailed, and it was completed in under five weeks in order to meet a television screening date. A formula for disaster, but the film won the Gold Award in its category at the 1978 British Sponsored Film Festival. What price good advice?

Hawaiian Sound is Gold Cup choice, but Cistus is danger

RACING

BY DOMINIC WIGAN

WITH THE ground now likely to be on the fast side of good, I shall not look beyond Hawaiian Sound and Cistus in today's renewal of the Benson and Hedges Gold Cup.

This £70,000 York race, arguably the most competitive event in Europe over the 1¼-mile mark (it is in fact 110-yards beyond that), has produced some shocks in the past, but the Berkshire three-year-olds look capable of justifying their market positions.

There is no colt, with the possible exception of Jellaby, more deserving of a victory here than Hawaiian Sound to whom Lester Piggott switched a few days ago in preference to the Irish filly More So.

Pegged back only 50 yards from the line when going under by a head to Shirley Heights in the Derby, and again foiled in a photograph finish to the Irish Sweeps Derby, in which his Epsom conqueror and Exdirectory proved just too strong, Hawaiian Sound then finished little more than 1¼ lengths behind Ile de Bourbon in the King George at Ascot.

His claims are there for all to see and were it not for the fact that a particularly gruelling compaign might, finally, have taken its toll, I would opt for him with confidence.

Cistus, such a disappointment in the Irish One Thousand Guineas for which she started a warm favourite, has been going from strength to strength this summer and it is difficult to gauge just how good she is.

The winner of Newmarket's Child Stakes, in which she produced an outstanding turn of foot to catch Ridaness, the West Ilsley filly then won even more impressively at Goodwood later in July, finding another electrifying burst of speed to put paid to the chances of Seraphima and Double Lock in the Nassau.

She is clearly ready to run the race of her life for Dick Hearn and Willie Carson, responsible for last year's 33-1 hero, Relkino and, in tentatively going for Hawaiian Sound, I see her as an extremely live threat.

For anyone of the view that this race has some sort of a jinx on the well-fancied runners, the Frenchman, Pyjama Hunt, could provide the right medium for an each-way bet.

Pyjama Hunt, who has been a model of consistency since tiring a quarter of a mile from home in the Derby will be ideally suited by this trip.

York

2.00—Schweppervescence
2.30—Dust-Up
3.00—Upper Deck***
3.40—Hawaiian Sound
3.40—Pyjama Hunt e.w.
4.15—Red Rufus*
4.45—Zelenko**
5.15—Roger Bacon

TV/Radio

† Indicates programmes in black and white

BBC 1

6.40 am Open University (Ultra High Frequency only). 9.55 Paddington Hits Out. 10.00 Jackanory 10.15 Help! It's the Hair Bear Bunch. 10.35 The Islanders. 1.30 pm Bod on the Beach. 1.45 News. 3.50 Tybed. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 As Aspel. 5.10 The Story eBhind the Story.

5.40 News
5.55 Nationwide (London and South-East only)
6.25 Nairn's Journeys
6.55 Hobby Horse
7.20 The Rockford Files
8.10 Who Pays the Ferryman?
9.00 News
9.25 Great Britons
10.25 Play for Today
11.55 Weather/Regional News

All Regions as BBC-1 except at the following times:—

Wales—5.55 pm Wales Today. 6.20 Newydd. 6.55 Dewch I'r Ardd. 11.55 News and Weather for Wales.

Scotland—5.55 pm Reporting Scotland. 11.55 News and Weather for Scotland.

Northern Ireland—4.18 pm Northern Ireland News. 5.55 Scene Around Six. 11.55 News and Weather for Northern Ireland.

England—5.55 pm—Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham): Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40 Open University
11.00 Play School (as BBC-1 4.20 pm)
4.55 Open University
7.00 News on 2 Headlines
7.05 Dilemmas
7.30 News on 2
7.35 Best of Brass
8.10 Eight Pairs of Eyes
9.00 George Hamilton IV Sings Country at Snape, Maltings
9.25 Nichols Nickleby
10.20 Beneath The Pennies
10.50 The Price of Freedom: Interview with Karel Kynel, prominent Czechoslovak dissident
11.05 Late News on 2
11.15 Closedown, reading

LONDON

9.30 am A Place in History. 9.55 Skilful soccer with Jack Charlton. 10.20 The Undersea Adventures of Captain Nemo. 10.25 Meet the Men from Uncle in: "One of Our Spies is Missing." 11.50 Cartoon Time. 12.00 Chorlton and the Wheelies. 12.10 pm Hickery House. 12.30 Home-Made for the Home. 1.00 News plus FT index. 1.20 Platform. 1.30 Young Ramsay. 2.25 Racing from York plus Swimming and Diving (World Championships). 4.20 Under the Same Sun. 4.45 You Can't Be Serious. 5.15 The Brady Bunch.

5.45 News
6.00 Take Six
6.35 Crossroads
7.00 Survival
7.30 Spearhead
8.30 What's On Next?
9.00 The Bass Player and the Blonde
10.00 News
10.30 Praise the Dog for Sitting
11.30 Swimming and Diving Championships
12.00 The Andy Williams Show
12.25 am Close: A painting by Goya accompanied by the music of Juan Martin

All IBA Regions as London except at the following times:—

ANGLIA

10.20 am Animated Classic (Ivanhoe). 11.05 Space 1999. 1.25 pm Anglia News. 1.30 Police Surgeon. 2.00 Houseparty. 5.15 This Sporting Land. 6.00 About Anglia. 12.00 Witness to Yesterday. 12.30 am Anthology.

ATV

†10.20 am Morning Cinema: "Long John Silver" starring Robert Newton. 11.55 The Adventures of Parsley. 1.20 pm ATV Newsdesk. 1.25 How. 1.55 The Electric Theatre Show. 5.15 Gambit. 6.00 ATV Today. 12.00 Something Different.

BORDER

10.20 am Dynomutt—the Dog Wonder. 10.40 The Nature of Things. 11.10 Cartoon (Hansel and Gretel). 11.15 Animated Classics (A Connecticut Yankee in King Arthur's Court). †1.20 pm Border News. 1.10 Gambit. 2.00 Houseparty. 5.15 Those Wonderful TV Times. 6.00 Lookaround Tuesday. 12.00 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and What's on Where. 4.30 Young Ramsay. 5.15 Those Wonderful TV Times. 6.00 Channel News. 6.10 The Beachcombers. 7.00 Send In The Clowns. 10.28 Channel Late News. 12.00 Visages de France.

GRAMPIAN

9.25 am First Thing. 10.20 Tandarra. 11.05 Superspy. 1.20 pm Grampian News Headlines. 1.30 Young Ramsay. 5.15 Those Wonderful TV Times. 6.00 Grampian Today. 6.10 Perspective. 12.00 Reflections. 12.05 am Grampian Late Night Headlines.

GRANADA

10.20 am Tuesday Matinee: Gregory Peck in "The Million Pound Note." 11.45 A Handful of Songs. 1.20 pm This Is Your Right. 1.30 Young Ramsay. 5.10 The Undersea Adventures of Captain Nemo. 5.15 Crossroads. 6.00 Granada News. 6.05 A Little Summer Music. 6.30 Branded. 12.00 This Sporting Land. 12.30 am A Little Night Music.

HTV

10.20 am Child Life In Other Lands. 10.40 Wild, Wild World of Animals. 11.15 Flower Stories. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Search and Rescue. 7.00 Definition.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20 Miri Mawr. 4.30-4.45 Seren Wib. 6.00-6.15 Y Dydd. 10.30-11.30 Hamdden.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

10.20 am Morning Mystery Movie: McCloud. 1.25 pm News Headlines. 1.30 Gambit. 2.00 The Andy Williams Show. 5.15 Cartoon: The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Survival. 7.00 Thingummyjig. 12.00 Late Call.

SOUTHERN

10.20 am "Drum Beat" starring Alan Ladd. 1.20 pm Southern News. 1.30 Gambit. 2.00 Houseparty. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Day by Day. 6.30 Survival. 7.00 The Cuckoo Waltz. 12.00 Southern News Extra. 12.10 am What About The Workers?

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. †10.20 Morning Movie: "Man In The Moon" starring Kenneth More. 1.20 pm North East News and Lookaround. 1.30 Young Ramsay. 5.15 Tell Me Why. 6.00 Northern Life. 12.00 Epilogue.

ULSTER

10.20 am Morning Movie: "Fate Is The Hunter" starring Glenn Ford and Rod Taylor. 1.20 pm Lunchtime. 1.30 Gambit. 2.00 The Rolf Harris Show. 4.18 Ulster News Headlines. 5.15 Friends of Man. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 6.45 Taking Shape. 11.30 Bedtime.

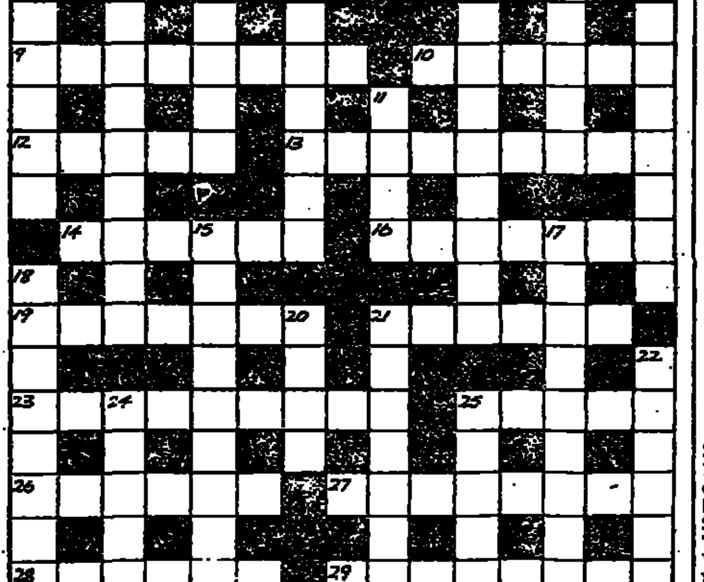
WESTWARD

10.20 am Feature Film: "The Truth About Spring" starring Hayley Mills and John Mills. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 1.30 Young Ramsay. 5.15 Those Wonderful TV Times. 6.00 Westward Diary. 7.00 Send in the Clowns. 10.28 Westward Late News. 12.00 In Search of . . . Ancient Aviators. 12.25 am Faith For Life.

YORKSHIRE

10.20 am Tarzan. 11.10 Star Maidens. 11.35 England, Their England. 1.20 pm Calendar News. 1.30 Young Ramsay. 5.15 Those Wonderful TV Times. 6.00 Calendar (Emley Moor and Belmont editions).

F.T. CROSSWORD PUZZLE No. 3,751



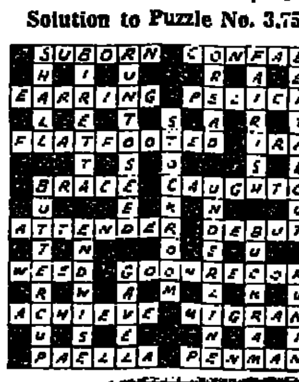
ACROSS

1 Bird in the main bound to be confident (8)
5 French leader should have struggled (6)
9 Nonsense letting private perish (5-3)
10 Household troops grow old (6)
12 Banger losing initial sex appeal with treatment (5)
13 Girl's matching clothes designed by t' French philosopher (9)
14 Person making a noise during meal? (6)
16 Display backstage swank (4, 3)
19 Dance or part thereof (3-4)
21 Turn right round gallery (6)
23 Strange thing to decline at end of day (9)
25 Selective remark to a team (5)
26 Public address system giving West-end trouble (6)
27 Bit of meat for male swimming pool attendant (4, 4)
28 Does half a score have to rush? (6)
29 Re-enlist maybe in Ireland (8)

DOWN

1 Destined to be supplanted by rival (3, 3)
2 Tower built by father between two rivers (9)
3 Filthy place the French have in a manner of speaking (5)
4 Bird has nothing in the duty list (7)
6 Go too far concerning open fire (9)
7 Pleased to point to clearing (5)
8 Definite strokes of the regiment (3, 5)
11 Cast taken to ship (4)
15 Uneasy when refusing to see visitors (3, 2, 4)
17 Confess to being 15 and aware of current trends (3, 4, 2)
18 Spinner Nick considers first-rate (3-5)
20 May I ask to beg? (4)
21 Free about letting (7)
22 Curator who always stays fresh? (6)
24 Information given to you and me in class (5)
25 Like a female to be pale (5)

Solution to Puzzle No. 3,750



هكذا من الاصل

(S) Stereophonic broadcast
‡Medium Wave

RADIO 1 247m

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.00 Paul Burnett with the Radio 1 Roadshow from Minehead. 12.30 pm Newsbeat. 12.45 Peter Powell. 2.00 Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat. 7.30 Sports Desk (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 am: As Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Tony Brandon (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk and Racing from York. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Folk 78 (S). 7.30 Sports Desk. 7.33 On The Third Beat (S). 8.02 Nordring Festival 77 (S). 8.50 Among Your Souvenirs (S). 9.55 Sports Desk. 10.02 Three in a Row. 10.30 The Steptoe Saga. 11.02 Sports Desk. 11.10 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 464m, Stereo & VHF

‡6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Beethoven (S). 9.40 Plainsong and the Rise of European Music (S). 10.45 Northern University Concert, part 1: Brahms, Hedges (S). 11.20 In Short (talk). 11.30 Concert, part 2: Rubbra, Schubert, Schumann (S). 12.20 pm BBC Welsh Symphony Orchestra, part 1: Handel, Bach (S). 1.00 News. 1.05 The Arts Worldwide. 1.20 BBC Welsh SO, part 2: Schumann (S). 1.55 Mozart on records (S). 2.30 Stockhausen at 50 (S). 3.30 Symphonies from the North (S). 4.30 Rameau (S). 5.15 Jazz Today (S). ‡5.45 Homeward Bound. ‡6.05 News. ‡6.10 Homeward Bound (continued). ‡6.30 Lifelines: Work and Training. 7.30 Proms 78, part 1: Beethoven (S). 8.25 The Other Europeans. 8.45 Proms 78, part 2: Mozart (S). 9.45 The Future of Broadcasting (talk by Lord Annan). 10.20 Bach violin music (S). 10.30 The National Voice. 11.15 Jazz in Britain: Barbara Thompson's Paraphernalia (S). 11.45 News. 11.50-11.55 Tonight's Schubert Song (S).

Radio 3 VHF only—6.00-7.00 am and 5.45-7.30 pm Open University.

RADIO 4

434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today including 7.00 and 8.00 Today's News and 7.30 and 8.30 News Headlines. 8.45 Hard Times (S). 9.00 News. 9.05 Straight Down the Line. 10.00 News. 10.05 New Britons. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre (S). 11.35 Origins. 12.00 News. 12.02 pm You and Yours. 12.30 Desert Island Discs. 12.55 Weather: programme news. 1.00 News. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 The History of Mr. Polly (S). 4.00 News. 4.05 Pick of the Bunch. 4.35 Story Time. 5.00 PM Reports. 5.40 Serendipity. 5.55 Weather: programme news. 6.00 News. 6.30 I'm Sorry I Haven't A Clue (S). 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Proms 78 (S) (as Radio 3). 9.50 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The News Quiz (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 News.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 7.03 But Seriously, Thought . . . 7.30 Black Londoners. 8.30 All That Jazz. 10.03 Late Night London. 12.00—Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

5.00 am Morning Music. 6.00 AM: non-stop news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S).

Record Review

Spinsters and storytellers

by ANTHONY CURTIS

The Mind of Emily Dickinson, readings from her letters and poetry by Glenda Jackson; Argo ZSW 600/1.

Glenda Jackson reads Stevie Smith; Argo ZSW 608.

Laurie Lee reads from "Cider with Rosie"; Argo, ZSW 593-5.

Oscar Wilde Children's Stories, read by Robert Morley; Argo ZSW 547/8.

Angela Rippon reads Black Beauty; Argo, ZSW 611/2.

Jules Verne: "Journey to the Centre of the Earth," read by Tom Baker: Argo ZSW 565/6.

Anyone who saw the one-woman show some months ago by Julie Harris, *The Belle of Amherst*, in which she held the stage for a couple of hours in a white dress as Emily Dickinson should try to get hold of the latest spoken word album from Argo. Here Glenda Jackson reads a full selection of Emily's poems and letters in *The Mind of Emily Dickinson*. The voices of both actresses are well attuned to the quintessential, appallingly direct and naive manner of the poet who wrote:

I'm Nobody! Who are you?
Are you—Nobody—Too?
Then there's a pair of us?
Don't tell! they'd advertise
—you know!
How dreary—to be—
Somebody!
How public—like a Frog—
To tell one's name—the
livelong June—
To an admiring Bog!

Somehow both managed to get the sequence of dashes, exclamation and question marks of which the above is typical into their intonation of the words. Miss Harris was performing a play and therefore she had to build up the personality of the eccentric spinster aunt in her domestic setting as the daughter of a successful authoritarian Congregationalist Massachusetts lawyer, cake-making, churchgoing as well as poetry-writing. And naturally she made much of the dramatic possibilities in her one meeting with T. W. Higginson, the editor to whom she had submitted her poems and corresponded with over the years, without him ever publishing them. In fact Emily published almost nothing during her lifetime. Nonetheless she wrote industriously in the intervals between family duties, writing for its own sake

It is this dedicated side of what Higginson called his "half-cracked poetess" that emerges so strongly in Miss Jackson's calm, intelligent and moving utterance of her remarkable poems. They are dovetailed with extracts from Emily's letters to her "Master" a Brontë-like character who has never been identified satisfactorily—and to others about such topical matters as the deaths caused in their circle by the Civil War. There is no linking narration or commentary or indeed anything to suggest where one piece ends and another begins beyond the list of items in the sleevenotes. This is at first rather puzzling but one soon adjusts to it, and when one does the concentration of the records on Emily's inner life which was so intense and so uncomplacent is both satisfying and illuminating. As Higginson put it after his encounter with her: "I was never with anyone who drained my nerve power so much."

Tom Baker and Glenda Jackson

We do not get many authors of quite such uncompromising seriousness on these Argo speech records although there is Emily's English counterpart Stevie Smith whom Miss Jackson has successfully impersonated on the stage and whose verse she has also now recorded. But for the most part it is children's classics, or highly popular works like *Cider With Rosie* read in his inimitable way by the author, in which the Argo team find their material. With these spoken lollipops, they indulge in a moderate, acceptable amount of jazzing up, music composed by Kenny Clayton to act as chapter-headings, and occasional sound effects and echo-chambers particularly apt for Jules Verne. Above all they seem to have a knack of getting hold of a performer normally of star calibre who is absolutely right for the work. You could not, for instance have a better interpreter of the children's stories by Oscar Wilde than Robert Morley. Their fastidious humour in the nineties rarefied manner falls naturally from his lips but he manages also to sound sincere when Wilde is at his most sentimental, as when the poor nightingale is giving her heart's blood to make the rose red for the student to give to his ungrateful love.

Again the slightly prim but clearly enunciated tones of Angela Rippon turn out to be most appropriate for the text of *Black Beauty*. It is claimed that this was the first novel to be written from within the consciousness of an animal and thus the precursor of Richard Adams and the rest. Certainly whoever reads it must blinker themselves to a restricted outlook and this Miss Rippon does admirably over two LPs which a great many little girls are going to enjoy enormously.

Before the invented science fiction Jules Verne tried to be a playwright like his friend Alexandre Dumas *fils* which may be the reason why his stories have such a firm dramatic outline. This comes out strongly in *Journey to the Centre of the Earth* read by Tom Baker in a Don Norman production from the translation made by Robert Baldick for Penguin books in 1965. The relationship between the mad old explorer Professor Lidenbrock and his young nephew allows Tom Baker to change voices which he does most entertainingly; and their hazardous journey below the earth's crust still retains its magic even in our much more scientifically knowledgeable era. The suspense is well sustained over four sides. Here as elsewhere the curtailment of the original has been done more or less invisibly.

Fine Art

Botticelli and the Florentine connection

by DENYS SUTTON, Editor of Apollo

Love for Sandro Botticelli has long been an English speciality. In 1865 that admirable connoisseur, Sir Henry Layard reported from Florence to Lady Eastlake that Millais had been excited by Botticelli's *Primavera* in the Uffizi and that he and Millais had gone with Baron Humbert to see the Nastagio degli Onesti panels then in Palazzo Pucci. They were for sale and both Layard and Millais were keen that Eastlake should secure them for the National Gallery of which he was then director. But this was not to occur.

A year earlier, Crowe and Cavalcaselle had brought out *A New History of Painting in Italy* in which for the first time a systematic attempt was made to list Botticelli's works. This famous history was known to Walter Pater, who, in 1870 published his brilliant essay on Botticelli. Pater was a friend of Herbert P. Horne, who became the leading authority on the Florentine master.

Horne is an intriguing character who could turn his hand to many different things. He was an excellent, if derivative, architect and designer (the first cover for the *Burlington Magazine* was due to him) and in his London days he mixed with poets such as Arthur Symons and W. B. Yeats. His most enduring contribution was as a connoisseur of Italian art, and he bequeathed his collection and his austere palace to Florence.

His book on Botticelli, of which only the first volume appeared (1908), was a major study, but not without faults. It contains many useful documents and valuable information, but it is hard to read and it lacks an index. His researches have provided the basis for further study of the artist and it is fitting that another Englishman should follow in his footsteps.

Ronald Lightbown has produced in *Sandro Botticelli* (Paul Elek, 2 vols., £65) a splendid monograph which may be fitted into the long and fruitful history of the cultural relations between England and Florence. That Mr. Lightbown, who is Keeper of the Library at the Victoria and Albert Museum, should have taken this particular artist as his subject is also a reminder of the tradition of the connoisseurship of Italian art associated with this institution.

The book possesses in the best sense of the phrase an "old fashioned" character; the author does not obtrude himself, nor does he propose extravagant sexual or political interpretations. He writes a good, plain English that would have appealed to Horne or Fry or Langton Douglas, and there is even a Victorian echo to be detected in his prose. We know where we are with Mr. Lightbown; it is because he avoids gimmicks that his commentaries are convincing.

It is no easy matter to write about Botticelli and an author who does so requires to know about Florentine social and family history—that of the Albizzi, the Bardi, the Pucci and the Tornabuoni as well as the Medici, Renaissance and classical poetry and religious and political matters. Mr. Lightbown has these subjects at his command, and his delight in the Florentine world of the Renaissance places him among a group that numbers Jacques Mesnil and Aby Warburg and, in more recent times, André Chastel and E. H. Gombrich.

One of Mr. Lightbown's achievements has been to keep a balance between iconography, the history of art, and art criticism. His accounts of his hero's paintings are sensitive and — welcome sign — he writes about the colours, thereby indicating that he has looked at pictures rather than photographs of them!

Mr. Lightbown is informative about Botticelli's early training under Filippo Lippi, his relations with the Medici, his concern with Dante's poetry, the influence of Savonarola on him and about the function of the pictures. He has, for instance, been able to take advantage of the newly published inventories of Lorenzo and Giovanni de' Medici which show that the Primavera was painted for their town house in Florence and that it was placed in the chamber next to Lorenzo's bedroom.

The author's analysis of this celebrated painting reveals much about the relations between patron and artist and of the Renaissance mind. Mr. Lightbown notes that the motif of the round dance of the graces was known to the Renaissance both from ancient works of art and from literary descriptions. It is not entirely fanciful to see an echo of these sources in certain works of Munch and Matisse. Mr. Lightbown's conclusions about Botticelli's secular paintings are important; he feels that in his mythological works the artist "embodied an ornamental quality of myth."

One observation of Mr. Lightbown's deserves study. He claims that from about 1487 the "vivifying naturalism" of Botticelli's art dwindles at times in his larger pictures; he suggests that "the languidness of pure effect that results captivated the aesthetes of the late nineteenth century, who admired in it an exquisite narcissism of style, an anticipation of their own religion of beauty." One aesthete, who adored Botticelli was Swann; Proust makes him order Odette a scarf and a gown identical with those in the *Magnificat* and the *Primavera*. Swann's passion for Odette, in fact, "crystallises" when he finds that she looks like a woman in Botticelli's pictures. This should always be remembered when we try to put a face to a character in Proust's novel.

Mr. Lightbown's book will stimulate discussion about Botticelli and the Florentine art of his time, for instance, the extent of the influence exerted by Northern painting on him and his approach to the Antique. This careful volume presents the portrait of an artist whose aim, in accord with humanist aspirations, was to "recreate the vanished perfections of ancient paintings, and to rival great works of poetry in significance and eloquence of representation."

The catalogue is sensibly arranged; the author makes a clear distinction between autograph works and those done in the workshop. It is also easy to use. It so happens that for my own purposes, I had been anxious to trace two paintings once owned by Langton Douglas. I found them rapidly and, as a bonus, was rewarded with another—the portrait of Dante.

It is a pleasure to welcome Mr. Lightbown's book, which is excellently designed, and to see that elegance and erudition can still go hand in hand.

Botticelli's 'Venus and Mars' from the National Gallery collection

New York art

Pastiche, parody and photographs

by FRANK LIPSIUS

The Whitney Museum in New York gives evidence in two current shows of having found another method to draw the masses to its galleries. Instead of trying to make art popular, it makes the popular into art. What alchemical process is involved, one may well ask. Well, ask all you want, but the imprimatur of a respected institution serves enough notice to the world that the sacred vessel of art has leaked a bit more and sunk further into the polluted sea of visual information around it.

Saul Steinberg has long been popular as a *New Yorker* cover artist. One cover, "View of the World from 9th Avenue," has been turned into a poster being sold on practically every street corner in New York. The lower half of the crayon and ink drawing covers one intersection in Manhattan before the Hudson River. A narrow band represents New Jersey. Then the United States with landmarks like Chicago, Las Vegas and Los Angeles is squeezed between Mexican and Canadian borders on either side. The Pacific Ocean intervenes and puts China, Japan and Siberia in the far horizon, which is still less than two-thirds to the top of the painting. The rest is skyline. New Yorkers love his interpretation of their provinciality.

Steinberg stopped being a cartoonist and became an artist when the Whitney made its retrospective show and the catalogue became a big, handsome book written by Harold Rosenberg—not surprisingly the *New Yorker* art critic before his recent death. And no doubt about it, Steinberg is clever and prolific. He draws landscapes with rubber-stamps where a sun would be. He draws art deco structures like the Chrysler Building surrounded by various symbols of art and urbanity. He takes an art-catalogue-like photograph of a piece of ornate furniture and draws little streets and people around it, as though it were a monumental piece of architecture. He fakes documents as, apparently, he faked a passport stamp to get out of his native Romania during the war. Pen-drawn knights tilt at various symbolic windmills. A cat bicycles over the bridge separating March and April on a road signposted to summer.

If art is to be popularised, Steinberg is just the person to let others enjoy the whimsy and accessibility of it.

Another Whitney show goes beyond whimsy to let the audience laugh with artists at the very idea of art. Almost 20 years before punk musicians started mocking the pretensions of rock 'n' roll, pop artists were taking the mickey out of art. The most represented artist in the show, Roy Lichtenstein, captures the spirit of the place with his cartoon-character oil painting, "Masterpiece," which carries a caption in a bubble of "Why, Brad darling, this painting is a masterpiece! My, soon you'll have all of New York clamoring for your work." Another Lichtenstein painting, called "Stretcher Frame with Cross Bars II" looks like the back of a canvas. Yet another, "Girl With Beach Ball II," takes a shredded version of "Girl . . . I" and makes it end up looking like Picasso on Lichtenstein.

The show has five categories of parody, covering old masters, modern masters, early and recent American art and the tools of the trade. Some are carefully executed, like Peter Saul's oil paintings which re-create paintings like Picasso's "Guernica" and Rembrandt's "Night Watchmen" with slight distortions and garish irridescent colours. Others are insulting and sloppy, like Robert Colescott's blackface pastiche, "U.S. History Text: George Washington Carver Crossing the Delaware." Still others are included merely because they include a reproduction of an older painting as part of a collage on the canvas.

Isolated among an artist's oeuvre, such works can show reverence or perhaps a dash of healthy irreverance to one's forebears. Together like this, though, they exhibit a lack of imagination, taking easy shots at undefended targets. The copyright law protects the Rolling Stones from unauthorised parody of their work, but anyone can have a go at some poor dead artist who, unquestionably, spent a lot more time on the original than his ungrateful descendant spent on the parody. Where the parodies are recognisable, the original defends itself; it is one disadvantage of the show that the viewer needs the catalogue to know what, in some cases, is being parodied.

I remember in a film about the pioneer French photographer, Jacques Henri Lartigue, the little old man exuded a lifelong, childlike fascination with cameras and pictures. It was a marvellous evocation of an age long since disappeared when new technology held its own interest and the world had not yet been inundated with its products.

Such an age is on display at the Asia House Gallery where 130 vintage photographs re-create life in Imperial China in the years 1846 to 1912. Though few photographers ventured that far, three who did (and are featured in the exhibition) concentrated in complementary areas; together they provide a comprehensive view of an ancient civilization hardly touched by modernity.

M. Miller, who eventually disappeared, had a commercial studio in Hong Kong where wide-eyed prosperous Chinese stared at his camera with blank expressions, as though not knowing what to expect. Unlike Miller's one portrait of a westerner, taken from fob watch to head, the Chinese appear from foot to head, displaying a demure reserve, feet together and hands either held in their laps or holding a fan while an elbow rests on a small table adjoining the sitter's chair.

Felix Beato, who travelled throughout Asia at the end of the past century and settled in Burma, was the official photographer of the Anglo-French North China Expeditionary Force, documenting its movement inland. He specialised in large murals of several photographs matched together; one of them shows the first boats landing on the marshy shores of an empty Kowloon, soon to become one of the most densely occupied places on earth.

John Thomson arrived later than Beato and Miller and consciously filled in the middle ground—as it turned out to be, quite literally—between his predecessors. His *Illustrations of China and its People*, a four-volume photographic encyclopedia of Chinese landscape, life and culture, covers domestic scenes like Hong Kong shops and landscapes in Cantonese gardens, as well as portraits of peasants, some of them grouped together to show a dozen Chinese hairstyles. He carried his chemicals with him and did the developing on the spot, as he himself described: "My impedimenta required for its transport a retinue of from between eight to 10 bearers, frequently men of evil repute, and dangerous to manage. . . . The practice of such a wet-collodion process in a country where one had to prepare chemicals from raw material implied difficulties to the modern photographer, and in no way was lessened by having to work among a people hostile to foreigners."

In those days a professional was a man with a camera who could develop his own film. The progress of technology, alas, threatens the unselfconscious artisan and turns him into just another amateur, if he is not careful.

Intending to set standards by which photography would henceforth be judged, the Museum of Modern Art, which has been collecting photographs for 40 years, recently opened a show called *Mirrors and Windows: American Photography since 1960*. The title and the show document the turning inward of the photographic profession, a difference between "self-expression" and "exploration," as the catalogue introduction notes in a long essay that falls dangerously close at times to Pseuds Corner. No doubt, with the demise of magazines like *Life* and *Look*, American photography lost an essential function in bringing the world to people's living rooms (now of course provided by television).

So in staking out a new course, photographers for a while doctored their film in such a way that, as in a Joel Meyerowitz work, the star of Bethlehem seems to rise behind a Cadillac parked in a driveway. For some reason this mode is generally disapproved of and unpractised. Instead, critical faculties are focused on making what look like the most run of the mill snapshots sound special. Sol LeWit's "Brick Wall" has nice shadows and textures which would have taken an artist a long time and careful work to achieve. Garry Winograd defies convention by photographing a Hollywood street facing the sun: that is art, or as John Szarkowski, the curator of the museum's photography collection, says: "To this viewer he seems, in fact, the central photographer of his generation. No other work of the period has insisted so clearly and uncompromisingly on exploring the uniquely prejudicial (intrinsic) qualities of photographic description . . . Winograd has assumed that the problem was not to make a handsome picture, but to find the way in which the real world might be transposed into something very different—a clear photograph."

Wembley Arena

Joan Baez

by ANTONY THORNCROFT

For someone who, as she pointed out at the Wembley Arena on Sunday, has been tuning her guitar for 22 years, Joan Baez is still a very tense performer. It is probably because she carries the conscience of the world on her bowed shoulders, as well as the burden of an exhausting affair with Bob Dylan, that she finds it hard to relax. The trouble is that her stiffness rather freezes an audience, leading to an uncomfortable concert —at least for the first hour.

You can admire her commitment and appreciate the sentiments in her political homilies between songs, but they do detract from her magnificent voice. There is no need to read the newspapers with Joan Baez bringing us up to date on the latest Arab terrorist attack in London, as she distinguishes between good and bad Palestinians. And then there is a report on her visit to the Sakharovs and other Russian dissidents in Moscow. It is quite a relief to get on to her other hobby-horse, Dylan. She sings his more cynical songs, like "Love is Just a Four-Letter Word," aping his voice in some verses. She then gives a personalised account of the relationship which would have been too indiscreet for the News of the World.

Joan Baez

But when Joan Baez unaffectedly sings Leonard Cohen's "Suzanne," much is forgiven. Her voice has grown even grander with the years—rich, warm, and expansive. Her choice of song is appropriately emotional and universal. There is no doubting her sincerity and her talent: only her capacity to entertain.

Joan Baez in the stark, hangar-like depression of the Wembley Arena, is a singer to admire, to appreciate with the mind, rather than the heart, to want to like, but scarcely to enjoy.

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Reducing the tax burden

AT A TIME when the campaign for our still undated election is already underway, especially in over-interpretations of every the economic field, with rival routine figure, the political market in fact is near a standstill. Like the woman in the story, the parties have made up their minds. Voters who are still trying to form their own judgments will by contrast be more than usually ready to welcome any genuinely non-partisan evidence; and a new OECD study of what promises to be the central issue for several elections—public expenditure and taxation—is most welcome.

Poor country

As might be expected, this study deflates the rhetoric on both sides. In percentage terms, Britain is neither unusually spendthrift nor unusually heavily taxed. In real terms, we are very far indeed from leading the world in any aspect of welfare. It is only when it is remembered that we are a poor country by OECD standards that it becomes easy to understand why we fuss so much and achieve so little. It is harder for a poor man or country to spare a quarter or more of his income than a rich one, yet that quarter will buy much less. Our welfare services may well be in a slummy state, as doctors, teachers and lobbyists complain, and at the same time more lavish than we can well afford.

The OECD first pointed out some six years ago that public expenditure in all member countries was tending to outpace national income, and warned of the inflationary dangers. The present study suggests why this warning was ignored, but may be heeded now.

The growth of public spending throughout the developed world, regardless of the political philosophy of the ruling parties, has been a response to a strong and insistent public demand, and a creditable one. Decent standards of health care, education and housing, and the provision of a reasonable minimum income for the old and the unemployed have been among the objectives of every government that could afford to meet these demands, as well as some in whom ambition ran ahead of means. British spending is abnormally high only on defence—a measure of our absolute poverty and hankering for great-power status—on debt interest and on housing. The size and the cost of the debt burden and of the public sector in housing are the legacy of decades of British mismanagement for which both parties share the blame.

The taxes which pay for these sometimes questionable benefits are not exceptionally burdensome overall, but their structure might have been designed to push voters to the barricades. Taxes on household incomes, especially at quite low as well as very high levels, are far higher even in percentage terms than in other countries; taxes on expenditure and on companies—taxes, in short, which raise prices—are much lower. The averages here argue the case we have repeatedly urged for a large shift in the burden and a restoration of incentives.

However, the more radical suggestions for slashing cuts in expenditure to finance personal tax cuts do not appear very plausible to the OECD analysts in Paris. On the positive side, they point out that the welfare revolution is now largely complete, so that the burden may now grow more in line with national income than in the past. But the caseload is also growing, new problems are appearing, and even this proportional standstill will be hard to achieve.

Pensions

To meet the demand for lower taxes, the OECD suggests two possible escape routes: a greater readiness to charge for some public services (people are readier to pay for a personal benefit than for a national one) and possibly a greater long-term reliance on borrowing. State pensions at least might be appropriately financed out of saving rather than income, as private pensions are.

The study also, however, suggests implicitly that the UK must try harder than other countries. It is not until our real income approaches the average for the OECD that we will be able without undue suffering to afford the average percentage spending on welfare; and in the interim, something near a real standstill in public burdens could certainly help to bring that day nearer.

Soviet aims in Eritrea

THE WAR in the Horn of Africa is building up to a new climax. Ethiopian forces have in the past few weeks almost totally transformed the military situation in the Red Sea province of Eritrea by recapturing all but one of the major towns held by the guerrilla groups who have been fighting for independence for a year and a half. Now they are encountering heavy resistance as they approach the guerrilla held town of Karen *but if it falls the way be open* for an Ethiopian attack on the Eritrean guerrillas' remaining base areas and to securing the hinterland of the strategic port of Massawa, a large part of which was held by guerrillas until a few weeks ago.

Shipping

That would be a long way short of establishing full government control over Eritrea, but it would probably be enough to allow the Soviet Union to enjoy reasonably secure naval facilities at Massawa, which it clearly wants. That would put it close to the Red Sea shipping lanes and not far from the coast of Saudi Arabia, the world's largest oil exporter.

After some initial misgivings the Soviet Union helped Ethiopia with advice on strategy and logistical support in the use against the Eritreans of the large amount of equipment it supplied for the successful campaign against Somali forces in the Ogaden region earlier this year. Cuban forces may also be playing an unobtrusive role, and the sheer weight of numbers of regular troops and militia, their superior equipment and the fact that Eritrean resources were stretched by the need to defend a fair number of towns appear to have been decisive so far.

The loss of the towns is an even greater psychological blow to the Eritreans than their capture last year from government forces was a boost, and they can no longer claim to have the majority of the Eritrean people under their administration. But if Keren were to fall that would only conclude one phase in the conflict. To inflict a total defeat on the guerrillas Ethiopia would have to fight a sustained and certainly very bitter counter-insurgency campaign.

Paradoxically the Eritreans' defeats have put them in a stronger position to fight a renewed guerrilla war. Freed from the necessity of defending towns they would be able to go on to the offensive with harassing operations and ambushes, as they are already beginning to do, helped by the rugged terrain of the province with their disadvantage in terms of numbers counting for less. This could give the Ethiopian government the incentive to offer a settlement, by which Eritrea might obtain a degree of autonomy while remaining inside the borders of Ethiopia.

A settlement would almost certainly be preferable for the Russians and Cubans, both for strategic reasons and as a means of putting the best face possible on the recent switch of their support from the Marxist Eritrean independence fighters to the Marxist Ethiopian government. *But Ethiopia* overrode Soviet and Cuban wishes in commencing the Eritrean campaign, and may be determined to assuage completely the defeats it suffered at Eritrean hands over the years.

Anxiety

The Eritreans will certainly be reluctant to accept peace terms after such a long and cruel struggle. While Soviet influence is at its height in Ethiopia there will be every incentive for the conservative Arab states especially Saudi Arabia to maintain their support for the Eritreans, while Iraq and Syria, which see the Eritrean struggle as part of a pan-Arab campaign, have their own reasons for doing so. The Somali-populated Ogaden region is still the scene of considerable guerrilla activity. The Soviet Union cannot expect its involvement in Ethiopia to be trouble-free, but that may be a price worth paying for the anxiety its presence there inevitably causes the west.

Lessons for the Shah from the Abadan cinema attack

By ANTHONY McDERMOTT in Tehran

AN ANONYMOUS man in a brown suit abandoned his job as cheerleader for the Shah's cause in Isfaham at a parade last Saturday, held to celebrate the Shah's return from a brief exile in Rome 25 years ago. The episode occurred only a few hours before the firebomb attack on a cinema in Abadan and helps one to understand the atmosphere in Iran that made the deadly attack possible.

The man was standing below the dais on which major-general Reza Naji, the martial law commander of Isfahan, was taking the salute. As groups of workers, shopkeepers, scouts and others stepped past, carrying banners and pictures of the Shah, the Empress, and of Crown Prince Reza, he would urge them to shout pro-government slogans. In some cases, notably the hard-hatted workers, the rhythmical cries and waving hands were already *going strong* well before the stand was reached. But mostly the man in the brown suit received a reluctant response to his urgings for cries of Padeshah and for fists to be raised in salute.

And so, half way through the parade, he left. Meanwhile the paraders—who, noticeably did not pass down Chahar Bagh-e-Abbasi Street, where a week ago Isfahanis clashed with the security forces and many shops were damaged—rounded the first corner to hand over their banners and pictures of the royal family to men on the back of a lorry conveniently placed nearby. The crowds watched impassively.

It is not surprising that the general reaction in Isfahan should have been patently lukewarm to a clearly organised demonstration of support to the Shah. For just at the time when the Shah was announcing that, as part of his liberalisation programme elections would be held next July, Isfahan had become the first city to be placed under martial law for a quarter of a century.

Although the spate of violence which has been sweeping across the major urban centres of Iran for the last nine months has not been uniform in all the regions, what is happening in Isfahan has been deeply symptomatic of the problems of Iran as a whole. The immediate conclusion must be that the Shah and his Government *are not threatened*, but that their authority is gradually being weakened. The trouble, in the short-term, started in Isfahan with a religious leader, Ayatollah Taheri, initially an itinerant preacher, who built up a considerable following in the outskirts of the city to the point where tape recordings of his sermons were circulating freely. He eventually was given charge of a small Mosque in the southern Hosseinabad sector of Isfahan where workers coming from the rural areas first reach the city. In May he was arrested and sentenced to two months' internal exile to Hamadan.

On his return he became increasingly unrestrained in his pronouncements calling for the death of the Shah, the overthrow of the Government, and the restitution of the amendments to the constitution of 1906 under which a committee of five Olama (learned theologians) would have the right to pronounce on the validity of laws in the light of Shi'ite religious precepts. His re-arrest on July 31 led directly to the *rioting which resulted in* the imposition of martian law.

His mantle of religious leadership fell on Ayatollah Hossein Mosavi, who lives in a northern part of the city, off Mohammed Reza Shah Pahlavi Street, and close to Chahar Bagh. Taheri's followers took up residence around his house, even pitching tents on the roof, and turned the immediate area around his house into a no-go zone for the government authorities. There is strong evidence that he attempted to restrain his followers from moving in, but his appeals were to no avail. Eventually major clashes took place both in the main street and in the rabbit warren of alleys behind. As a result several people were killed or injured and much damage to property was done. On August 11, a Friday and hence a Moslem feast day, martial law was declared.

The Shah and his senior ministers have blamed the rioting in Isfahan on Communists and a paradoxical mixture of "Islamic Marxists." That refers to the exploitation by the "Red Revolution," meaning Communists, and by the conservative "Black Revolution," meaning the religious groups, with their common aim of ultimately overthrowing the Shah.

But the fact is that the causes for unrest in Isfahan run far deeper than machinations by "*red*" or "*black*" *revolutionary* groups. The primary factor is economic. Isfahan is the fastest growing industrial region in the country. In the past five years its population has doubled to more than 1m. The main areas for employment are the Bell Helicopter Centre, *a large air-training base*, a steel mill, and textile and oil projects.

The bulk of the new population has come from village workers. Initially, they found they were earning more than ever before, but inflation and the lack of cheap housing has caused disillusionment which was fuelled by the Government's claims earlier that growth and progress towards what the Shah calls the Great Civilisation was a continuous process. As a result discontent has grown up which has not been difficult for the religious leaders to exploit.

Women weeping yesterday after mourning ceremonies held in Abadan for the 377 victims of Saturday night's cinema fire.

They have made much play of the erosion of traditional Islamic virtues under the impact of over-rapid industrialisation, and of the material progress that Iran has made in terms of per capita income, the number of students, of cars, and of wheat production over the last 25 years. But there are several factors to be taken into consideration in the clash between the religious leaders and the State. Firstly, it is a question of political influence.

Unorthodox branch

It is generally accepted that Mr. Jamshid Amouzegar, the Prime Minister, has not shown any enthusiasm for making contacts beyond the secondary levels with the religious leaders. This criticism reflects the realisation that because the *religious community of the* Shi'ites—an unorthodox branch of Islam—makes up about 90 per cent of the population, opposition based on the Ayotallahs and Mullahs, the religious leaders, is potentially far more damaging than that of students and intellectual dissidents.

Secondly, when the Shah in talking to visitors describes the religious reactions as those of "a lot of Mullahs pining for the seventh century," he is giving a simplistic picture. Iran, like Saudi Arabia, is a society undergoing painful and rapid change as a result of the swift inflow of oil money. Thus, when expectations fail to be fulfilled as economic development slows down, Iranians have looked both for solace and for targets to attack, and have found both under the direction of Islam. Thus in Isfahan they turned on banks, drink shops, cinemas (and besides the one in Abadan, cinemas have also been attacked during the past week in Tehran, Masha Mashhad, Shiraz, Rezayieh and Kerman), and on shops obviously connected with the west, such as Kentucky Fried Chickens. Thirdly, for as long as freedom of expression had been suppressed, religion became a natural outlet through which to express the frustrations of the present—which religious leaders may have tried to present as a yearning for past values.

There remains the crucial question why the Shah decided to embark on liberalisation and risk the sort of disorders he is facing today. So far "liberalisation" has meant more freedom for newspapers, more public debate about and criticism of the Government (but not of the Shah himself), less overt surveillance of potential opposition, and a curtailing of the operations of SAVAK (the State security organisation). The reasons for relaxation are various.

First, President Jimmy Carter, although in agreement in economic and political terms with Iran, disapproved of the Shah's civil rights record. Secondly, there was a feeling that having experimented with a two-party system, and then through Rastakhiz (since March 1975) with a one-party system, neither *of which was truly* successful (indeed, Rastakhiz might well divide into three different groups in the elections promised for next July), the Shah felt it was worth experimenting with a system which might turn into a pluralist democracy.

Alternative source

Thirdly, the Shah is thinking of the succession of the Crown Prince, Reza. The Shah is undoubtedly aware that the old system under which, he recently admitted, SAVAK had become a government within the government, could not continue. Thus he had to seek a means of creating institutions which would boost the standing of parliament and of Ministers, and which would ultimately provide a foundation on which his son could build his authority. But the real development of such an alternative source of authority is totally alien to the way in which Iran has been ruled since the Shah was appointed to succeed his father. There lies the weakness which opposition groups have been trying to exploit.

Firstly, after many years of suppression of speech and liberties, people are reluctant to believe that the Sha means what he says. Secondly, by undertaking this experiment the Sha has inevitably ceded some of his authority and entered a new game of which, perhaps, he does not know the rules and limitations. Thirdly, having moved towards a more liberal image, he stands to be the more heavily castigated if he takes any actions which smack of returning to the old authoritarian ways.

The lesson of the sporadic violence and of the fire at the Abadan cinema is that the Shah's Government in the long run can only stand a limited visible diminution of its authority. One has only to observe that in Isfahan it is crack troops who are in the streets, not jaded conscripts, to realise that the Government means business. A senior adviser to the Shah, asked last week whether there was a risk that the outbursts of violence could lead to an abandonment of the elections and possibly even the *liberalisation* programme, made the point that "we have so far only used the velvet glove. The steel fist remains." But this could very well be just the tactics on which the opposition is banking—goad the Government into actions that suggest that it was *never sincere in the first place* about making Iran more democratic. In reaction to the Abadan fire there were two clear-cut choices: one was to crack down heavily and thereby lend weight to the opinions of the opposition. The other was to act with restraint, as the Government in fact has done by instituting a commission of enquiry. But this could also be taken by the Shah's opponents as a sign of weakness.

The enormity of the Abadan fire has given rise to a wide range of rumours as to who could have been behind it. It led to immediate demonstrations of anger with the perpetators. Ayatollah Shariatmadhari has condemned it. But the fact remains that a revulsion against violence does not necessarily imply support for the Shah and his Government. The daily Kayhan International, in an impassioned editorial, wrote that "it was high time the vast moderate, silent majority of Iranians took a hard look at where they are heading or, more appropriately, drifting" and stood up to be counted. But this was the problem the cheer-leader in the brown suit was having on Saturday. The sad and tragic Abadan fire coincided with the anniversary of the birth of Hassan Modjtaba the second Shi'ite Imam. Between Thursday and Sunday Iran's Shi'ites will be mourning the stabbing and death of his father Ali, the first Iman, in the seventh century and the Government is tensing itself for the possibility of more violence which could test the extent to which its authority has been diminished.

MEN AND MATTERS

Logging the jams on the lines

The Civil Service is playing coy about a fierce memo that has circulated to a number of my Mandarin friends on the subject of telephones. It begins: "Computer print-outs are now available . . " repeats the standard warning about the rarely-observed rules on personal calls, and is calculated to strike terror into the heart of any humble Executive Officer calling his granny in Glasgow.

The Civil Service Department was anxious to assure me first that the memo did not exist, then eventually that there is to be no witch-hunt. "It's just good housekeeping," said a *spokesman, who mentioned that* the CS telephone bill was running at £50m a year.

Automatic Switching Ltd., who lease the CS their TNA2 logging system, is proud of its effectiveness. Its Swiss-born director Mrs. Delia Robson-Hager said it had caught out an internal bomb-hoaxer some years ago: "He wanted the day off so he usually teleponed the threats on Fridays or in the morning."

But she was reluctant to talk about the CS contract: "It's very, very touchy."

The exercise was not to cut costs, she insisted, but to work out the best utilisation of lines by clients such as the Home Office. Any information that came the way of TNA2 clients was not the busines of Automatic Switching: "It is up to them what they do with it."

However that may be, telephone logging is now big business. Though civil rights organisations complain at the intrusion into privacy, the companies making the equipment say they are slashing bills. Minster Automation, who make the better-known Tiger, a computer-linked system, tells me that even though personal calls generally account for only 5 per cent of telephone costs, the effect of their system is dramatic in reducing long calls — irregular or otherwise — at peak times. "I only know of one company that has saved less than 20 per cent," says Minster's regional sales manager, Ian Guthrie.

Asking nicely

Trevor Abrahmsohn, 23-year-old managing director of one of London's more thrusting estate agents, Glentree Estates, is fond of recounting the meteoric rise of his company and of himself. *Abrahmsohn, in his quest for* publicity, has overstepped even his usual limits with his latest Press release. Entitled "Would You Like To Borrow A Cup Of Sugar From Neighbours Susan Hampshire And Leonard Rossiter?", it suggests that this might be an appropriate activity for anyone buying 1, Billing Place, "a quaint yet trendy Georgian Mews house oozing with character" and a snip at *£73,950*.

I asked him if he had mentioned this sales tactic to the talented Miss Hampshire, an actress who is secretive enough to list her address as c/o the Midland Bank. "Well, no, I didn't approach them . . . because, well, what can you say? 'I want to use your name' . . . No." The irrepressible Abrahmsohn was lost for words, but he soon found them again and was telling me that in 24 months Glentree had sold £24m-worth of property. If Miss Hampshire is out of sugar to lend to her new neighbours no doubt the Rossiters will oblige—if asked nicely.

French courtesy

One can only bow to the sense of fair play being displayed by the French gendarmerie. Tough new drinking and driving laws *have just been introduced* but, in order to soften the impact on coddled French palates, the gendarmerie are announcing in advance just where and when they plan to stage a breathalyser blitz.

Alcohol is blamed for a large part of the heavy road toll in the home of Bordeaux and Burgundy but until now drivers have only been tested after accidents. Now the police are bending over backwards to make their random tests "preventive rather than repressive." The results have exceeded all expectations. Instead of stopping drinkers from driving they seem to have achieved the virtually impossible task of stopping the French from drinking.

A week ago in Alsace the police homed in on the famous "wine trail." Drink sales went down by 80 per cent, or so the head of the Bar and Restaurant Owners' Association claimed, adding "These measures are making things difficult."

The new penalties are stiff. One of the three drivers caught in Alsace, admittedly after seriously injuring the driver of an oncoming car, received two weeks' imprisonment, a minimum 18 months' suspension and a £350 fine.

The police say that there has *been a sharp increase in* the number of women drivers—which has led local male chauvinists to question whether the roads are really any safer. Now the police have descended on Paris. They gave four days' notice but they need hardly have bothered. In August there are few people except for tourists in the city, few cars in the streets and few open bars.

New chew

As we reported last week, the British are pioneering sales of *disco machinery to the Soviet* Union. That penetration of the communist pattern of living by one of the more raucous aspects of the west is being arranged quietly—in marked contrast to the flourish of trumpets which accompanied the deal to sell Coca-Cola at the Moscow Olympics.

More quietly, but also with the seal of approval of the Soviet foreign trade ministry, a West German company, Loesch, is setting up three chewing-gum factories—in Armenia, Estonia and Moscow itself. So in the land of Lenin a new era is again dawning, of the age when the model member of the Young Communist League will be able to drink Coke, chew gum and listen to Sid Vicious.

Observer

هكذا من الاصل

Energy from the grass roots

By DAVID FISHLOCK, Science Editor

Winter wheat stubble-burning in Nottinghamshi provides a hint of the energy content of crops.

BLACK SMOKE and fierce flame sweeping over the fields of stubble are a familiar scene in the English countryside once the cereals have been harvested. It gives a hint of the energy content of crops, which some multinational groups are beginning to take very seriously as something that can be made useful.

Interviewed in the Financial Times last week, Mr. Harry Beckers, research co-ordinator for the Royal Dutch Shell group—and, incidentally, a physicist—spoke enthusiastically of the possibilities for "energy cropping." He has asked the Nobel laureate, Professor Sir John Cornforth, formerly with Shell but now a Royal Society research professor at the University of Sussex, to advise *him where Shell should invest* in research and development.

Another industrial enthusiast is Professor A. J. Vlitos, chief executive of group research and development at Tate and Lyle. He talks of the possibilities of "creative botany" in providing a truly benign and renewable source of energy, using such ideas as trees which take only five years to grow from seed to maturity, and even "genetic engineering" to adapt plants more precisely to produce the fuel or chemical required.

Professor Vlitos sees plants as machines evolved by nature for the task of converting and storing solar energy, processes which the physicists and chemists have been trying hard to simulate. Their conversion efficiency—averaging around 1 per cent—may leave something to be desired, but this weakness is much more than compensated by the ease with which plants can be mass-produced cheaply.

The basic principles of energy cropping are already well-established. Scandinavian countries and Canada use forest wastes—in the form of firewood—as fuel for their lumber industries, which are much less energy intensive than, say, the working of metals. In Malaysia the natural rubber producers have shown how a tree crop can be "tailored" specifically for the production of hydrocarbons. Brazil has extended its sugar and molasses (a sugar by-product) industry to make alcohol (ethanol) by fermentation as a new liquid fuel, under circumstances where the economics seem more favourable than in most other places.

Competitive

A study by the Battelle Memorial Institute has suggested that *industrial* ethanol could be made from suitable crops for a price competitive with its manufacture *from natural gas liquids* and that the economics could be further improved if the factory were so organised as to operate round the year, not only during the sugar cane harvest.

In California an old design of gasifier designed to produce low calorific value fuel gas from almost any dry agricultural waste has been operated so successfully on walnut shells that the Diamond-Sunsweet walnut factory is installing a 130m Btu per hour gasifier to provide all its energy requirements from walnuts. It reckons the energy cost will be less than half what it pays for natural gas.

Sir John Cornforth offers four reasons why energy cropping might appeal to a multinational with widely-spread territorial interests:—

- It is a way of living off energy income instead of energy capital.
- It is simple technology, readily adapted to developing nations and rural communities.
- It is essentially non-polluting without sulphur emission or radio-active wastes.
- It has the possibility of using existing energy conversion machines.

On the last point there are also examples of motor car engines being adapted by major car companies to run on fuels from these unorthodox sources. Saab is to test-market in Finland next year a car developed to run on turpentine from Finland's pine forests. Fuel costs are said to be lower than for diesel, and turpentine offers better acceleration and less noise. In Italy, Fiat is developing its Totem engine, expected to use 80 per cent ethanol as fuel.

Large-scale industrial gasification of wood to make low-Btu gas as a fuel gas or chemical feedstock is still in its infancy but *initial U.S. results look promising*. Heating values are similar to those of producer gas made from coal—150-200 Btu per cubic foot using air, and 270-330 Btu per cubic foot using oxygen. Because of the moisture content, wood gasification needs no steam and less oxygen, and the gas is almost free from sulphur.

At present most of the 100m tons of sucrose (sugar) that the world produces annually is used in food. But next February the Tate and Lyle group expects to commission a new 5,500 tons-per-year plant at Knowsley near Liverpool, based on research at its Philip Lyle Memorial Research Laboratory near Reading, for converting sugar and fats into surface-active products of the kind normally based on a petroleum feedstock. The sucroglycerine products of Talres Developments are claimed to be bio-degradable and completely non-toxic, with properties which compare favourably with those of oil-based products. A pilot plant is already manufacturing hand cleaners of various kinds, a tanker cleaner, and washing and dishwashing powders, among other products. The company is negotiating licences for use of the technology overseas.

As one might expect, Professor Vlitos is particularly enthusiastic about sugar and cassava—"two of the most efficient machines for collecting and converting solar to chemical energy via photosynthesis." He sees plenty of scope for improving yields of sugar cane, for example by plant breeding and selection, by chemical treatments which enhance its ability to convert carbon dioxide to sugar, or by treatments which prevent the breakdown of sugar once the plant has deposited the chemical in its stalks.

The Battelle study confirmed that sugar cane is most promising among the sugar crops for direct conversion into fuels and chemicals, but foresaw at the same time an expanding role for sugar beet and sweet sorghum—to fill the gap left by an increasing diversion of sugar cane into its new roles.

Bog land

In the Philippines and elsewhere scientists have been experimenting with a tropical tree called leucaena which can reach maturity in as little as three to five years. The idea is that the wood would be used as fuel and the foliage as animal feedstuff. Nearer home, in Ireland, a $2m research programme on energy cropping funded by the EEC includes a project to investigate fast-growing coppicing hardwoods such as alder, willow, poplar and eucalyptus, when grown by short-rotation forestry. One idea is that energy plantations might be established on bog land from which peat has been stripped.

Economically successful energy cropping is likely to have as its concommitant a great demand for highly automated methods of harvesting the crop. This is an area which Britain—which has shown great innovative skills in the field of new agriculture machinery — may well find more profitable to exploit than diverting scarce land resources from food to energy.

In areas of expanding population, Sir John Cornforth, says, food will always win in a competition with energy crops for existing land. If it is a question of opening up new land, then the limiting factors inevitably are the cost of providing fertiliser and irrigation. (Here the Irish may be fortunate in having a residue of peat as natural fertiliser as well as a moist terrain.)

Looking ahead to the next century wide vistas open for "creative botany" as an energy source if research is put in hand today. One of the most far-sighted ideas is that of the Californian Nobel laureate, Professor Melvin Calvin, who wants to develop artificial forms of the green leaf, capable of simulating photosynthesis—with efficiencies he believes could be as high as 75 per cent.

Britain has embarked upon a national research programme to try to harness genetic engineering—the manipulation of genes—for the improvement of crops. In what may well be the first scientific programme of its kind in the world, the Agriculture Research Council (ARC) is planning a £1m initial effort over the next three years, to develop for plants the kinds of techniques which have been arousing so much controversy as potential means of breeding "improved" people and drugs. Serious possibilities arising from such research within a decade or so, Sir William Henderson, the ARC's secretary, has argued persuasively, include better-quality crops, higher yields, greater resistance to pests and disease, even the ability to "fix" nitrogen or sunlight more efficiently.

To focus on this last example, increasing the efficiency of photosynthesis, it must be recognised that plants are really low-efficiency forms of solar engine. As such they are far less efficient than any heat engine. But if the efficiency of the solar conversion process could be improved just a little by tinkering with genes, the impact upon the cost of energy cropping, if the plant could be used as a renewable hydrocarbon resource, could be enormous.

The public debate about the hazards of genetic manipulation has focused on medical hazards and potential modifications to man. But this has diverted attention from what some of the leading biologists believe will be the most valuable use of genetic manipulation, its application to agriculture. The possibilities have already begun to draw serious commercial interest. ICI, for example, has research in hand at its Corporate Laboratories at Runcorn on improving the efficiency of crops to convert sunlight. Unilever is establishing a new group at Colworth House, its central research laboratory, to look at a range of possibilities. It plans to build on experience gained in plant culture, notably on work to improve the yields of oil from palm trees.

But even by the standards of such companies as these, accustomed to long-range research, the quest may be a long one, 10-15 years or more before it shows any commercial return. Moreover a successful outcome may have side-effects: for instance, it may turn out that since nitrogen fixation is intrinsically an energy-hungry process, as industry already knows well, a crop equipped with this new capability does not have enough energy to spare to make any appreciably net gain in its yield.

There is another, less sophisticated approach to the scientific programme planned by the Agricultural Research Council. It is called somatic hybridisation, in which genetically incompatible plant species are fused at a fundamental level to produce a hybrid. Tate and Lyle has taken a close interest in this technique, as a potential way of enhancing the yield of sugar cane. Experiments undertaken in Hawaii by the Sugar Planters' Association are showing promise, Professor Vlitos says. But again the timescale will be long—up to ten years before the sugar industry can be sure that hybridisation really is yielding a larger crop.

Promising, therefore, as energy cropping may be as a way of ameliorating a future energy shortage with a "benign and renewable" resource, it does not differ from other energy sources in requiring a very long time to develop and implement it on the scale required to make any serious energy contribution. Moreover the outcome may be less benign than the idea leads one to expect.

An ambitious Californian proposal to grow huge rafts of kelp (seaweed) in the ocean, fed by nutrient-rich deep-ocean water, as sources of methane and chemicals, could release three times as much carbon dioxide into the atmosphere as the combustion of equivalent amounts of fossil fuels. And a Californian ornamental plant called *Euphorbia tirucalli*, discovered to be a rich source of petroleum-like chemicals, exudes an acrid sap which could be a serious hazard during and after harvesting.

Letters to the Editor

Planning for energy

From Mr. J. Dingle.

Sir,—It is implicit in the letter from Mr. Grainger, and explicit in that from Dr. Caudle (August 15) that the planning of energy conversion facilities must, like any other manufacturing plant, be based on markets for their output. I think it worth adding that markets do not just happen, even—or perhaps one should say especially — when they are dominated by a few powerful suppliers. They evolve, in volume and structure, and the process of evolution is, in principle and to some extent short of total control, capable of being influenced by people, some of whom may be planners.

Energy conversion—refineries, ethylene crackers and their downstream complexes—is, however, so technically sophisticated and so capital intensive that planning tends to get pre-occupied with questions of the availablity of technology and the mobilisation of investment. Of parallel importance is the question of change in the market structure. The lead-time for making (rather than merely responding to) changes in the market structure of existing products of energy conversion processes is probably at least as long as the lead-time for planning, building and commissioning an energy conversion plant using known technology. If the products or the production routes are novel, the lead-time for market change is likely to be even longer.

It follows that if we want to influence these changes in a way which benefits industrial policy as a whole, we have to start thinking about how to do so no later than when we start thinking about technology and investment—and preferably rather earlier.

In the case of petrochemicals, and particularly thermoplastics, which are the most significant derivatives of ethylene cracking, the problem of how advantageously to restructure the European market in a situation of chronic oversupply, is primarily one of increasing the UK's market share. This is a problem firstly of marketing, secondly of technology and investment.

In the case of coal conversion, the problem is more complicated because it seems likely that coal might (a) replace some current feedstocks, (b) provide other feedstocks having novel properties, (c) allow the introduction of novel processing routes which will influence the competitiveness of some end-products. Here again, the first questions are marketing ones.

In both cases it would seem that early attention to the possibilities of effecting constructive changes in market structure could only be beneficial. There is nothing either in the Coal Industry Tripartite Group Research and Development Working Party Report, or in what has been made public of the McKinsey Report, to suggest that marketing questions have been considered in this light, which prompts me to ask if the view of marketing taken by the energy conversion industry as regards strategic planning is not too passive, or too complacent, or perhaps both.

John Dingle.
Suite 1, Harcourt House,
19a, Cavendish Square, W1.

Businessmen on TV

From the Deputy Director, External Affairs, Engineering Employers' Federation

Sir,—Anyone who works in the cross-fire between TV producers and businessmen will agree both with Nicholas Faith's comments (August 7) and with the consequent letters.

I am a firm believer that industrialists should miss no reasonable opportunity to state their case, but in their defence three points must be made. Their priorities are different from those of politicians and trade union leaders — rightly or wrongly they rate their management duties as their prime responsibility and more important than going on the box. Their time is usually heavily committed a long way ahead while the lead time for many TV appearances is quite short. One of the reasons for which they join employers' organisations and trade associations is to have their views represented for them.

It is, of course, understandable that producers should prefer people "from the sharp end." Unfortunately these are the very people who travel most and whose base is often some distance from the nearest studio.

While I would not deny that too many industrialists still do not appreciate the importance of taking advantage of the opportunities they are offered there is another side to the story. This federation works closely with the Press and with radio and seldom fails to produce the sort of spokesmen being sought. We are only approached occasionally by TV and then, all too often, at the last moment.

This isn't pique, but it is a little hard if industrialists are to be blamed for missing opportunities they have not been offered.

N. de Jongh.
Broadway House,
Tothill Street, SW1.

Underspending on roads

From Mr. S. Leslie

Sir,—The 2½ per cent underspend in the Ministry of Defence budget (Lombard August 17) pales into insignificance compared with the Government's management of its road budget. This year's public expenditure White Paper revealed a 10 per cent underspend on the motorway and trunk road budget in the previous two years.

Even that is relative peanuts for the Department of Transport which is predicated in a recent NEDO report to underspend the trunk roads allocation by a magnificent 20 per cent in the current and following financial years. Of course there are numerous circumstances working against the DoT's supposed aim of completing the road programme in line with declared Government policy. Mr. William Rodgers, the responsible Minister, readily quotes the reasons: "time needed to complete statutory procedures"; "market conditions"; "progress by contractors" and the favourite, "bad weather." Judged by the increasing road underspend, Britain's climate is deteriorating at a disconcerting rate.

The real reasons for the slippage in the programme and the consequent underspend include: failure to fulfil correctly the statutory procedures (e.g. A12-A13 section of the M25 which neglected green belt land requirements); sitting on inspectors' reports for months and years (e.g. Ipswich, M42 Water Orton section); dilly-dallying with the standards of proposed schemes so much that design staff do twice the work for half the output (e.g. M54); a five month moratorium on new starts (1976-77) which continues to disrupt the balance of the programme.

The effect is that there is now more money than schemes available but once the circumstances working against new starts have been overcome there will be more schemes than money. Whatever happens, the road programme loses out, and completion of the plans fondly promised for the late 1980s will be put back towards the end of the century.

The remedy—apart from the obvious one of shaking-up the DoT's planning and administrative system—is to bring back some budgetary flexibility into those parts of public expenditure where the timing of spending remains hard to predict. Thus funds for roads not used one year could be reserved for use the next. This is specifically allowed for in the 1976 cash limits White Paper but so far never applied.

It is to be hoped that whichever Government prepares next year's public expenditure White Paper, this flexibility will be built in. Without it the road programme approved by Government—and reflecting the needs of society and industry—will be further delayed. As in the case of defence, the money has been voted for specific and necessary purposes. The needs of defence and roads remain the same whatever the underspend. It is quite absurd that the Government should be boxed into this monetary strait-jacket when the country is crying out for by-passes and trunk road links.

S. H. Leslie,
(Senior Economist),
British Road Federation,
26, Manchester Square, W1.

Advertising works

From the Director, Paintmakers Association.

Sir,—Mr. Fletcher's attack (August 17) on the Price Commission's inability to grasp the points about the economics of advertising itself misses a point.

That body's report on decorative paint, published last April, contains two statements about the influence of advertising on costs and retail prices which rebut his claim that the Commission does not understand the subject. On pages 2 and 37 of that report appear these sentences: effective promotion seems to lead to lower unit production and distribution costs and "advertising appears to create a level of sales which enables the manufacturer to lower his unit production costs and encourages the retailer to accept lower gross margins."

Paint manufacturers welcome this evidence that the Commission recognises that advertising works, and works to the consumer's benefit.

M. J. Levete.
Paintmakers Association of Great Britain,
Alembic House,
93, Albert Embankment, SE1.

At sea and off duty

From Mr. R. Monroe

Sir,—The article about the "Sealife programme" (August 18) initiated by ship owners and supported by unions focuses attention on the problems not only of attracting people to work at sea, but keeping them interested and happy once they have started their career.

It is unfortunate that any success this programme may have, must by definition, be limited. Whereas anyone unconnected with shipping might imagine that "Sealife" was connected with life at sea it is unfortunately limited in its scope to working hours only and not to any time spent off duty. As the latter exceeds the former by a wide margin there is a large gap which those at present involved with the programme do not, apparent, intend to fill.

R. Monroe.
Harley Buildings,
11, Old Hall Street,
Liverpool.

Exchange rates and trade

From the Treasurer, Campaign for a Competitive Exchange Rate

Sir,—When Samuel Brittain pointed out — in his article (August 17) on myths about exchange rates—that the price of goods which do and do not enter into international trade can move very differently I thought we had made a convert to our view that exchange rates are determined in all but the short run by the relative cost of producing internationally traded goods and services. This did not however prevent him from reproducing a chart describing a real exchange rate for the dollar based on a comparison of wholesale non-food manufacturing prices, nor from quoting with apparent approval an Organisation for Economic Co-operation and Development study based on unit costs in manufacturing generally.

The point is of crucial importance because informed opinion almost everywhere has been led by the Treasury economists into believing what a little commonsense would have shown was absurd. It is demonstrably not the case that our manufactures were more competitive internationally in 1976 and 1977 than they were in 1973 by reason of the fact that our "relative normal unit labour costs" according to International Monetary Fund figures had fallen relative to those of our competitors.

Your editorial of August 15 expressed bewilderment about our recent trade performance, but this could only have been because, like your Bonn correspondent reporting on page 2, you had failed to look at the evidence. In the fourth quarter of last year the export price of our manufactured goods was 12 per cent higher relative to those of our competitors than in the year the present Government took office. Over the same period the price of manufactured imports had fallen by 15 per cent relative to the price of manufactured exports. Small wonder that imports are increasing much faster than exports so that in May, possibly for the first time ever, we became a net importer of manufactures. The Treasury view that we were still competitive in the fourth quarter because our relative normal unit labour costs were 10 per cent lower than in 1974 is obviously wrong and must therefore cast doubt on the whole of the Government's economic strategy.

Your editorial made our point in referring to the plight of a small number of industries producing such things as consumer durables. The hallmark of these industries is the importance of economies of scale and the need to find markets overseas to get rid of surplus production. It follows that a country with an undervalued currency can reduce costs in its export industries faster than its competitors and vice-versa in the case of a country like the UK which has long had an overvalued currency.

This means that differences in the purchasing power of a currency can arise as a result of a change in the exchange rate and that this can feed on itself, thus contradicting the theory of one price which is at the heart of the monetarist position. The work we have done shows that there has been no tendency for the general level of prices to converge in the post-war world, which of course accords with common observation.

Shaun Stewart.
72, Albert Street, NW1.

Today's Events

GENERAL

August provisional figures for unemployment and unfilled vacancies.

Eurofer, the "club" of European steel companies, meets in Brussels in first of series of discussions on ways for European steelmakers to act in concert to cut losses on steel sales, restore a greater measure of discipline in the EEC market, and salvage workable portions of the Davignon Plan.

Palestinian guerrilla leaders meet in Damascus for unity talks within the framework of the Palestine Central Council (PCC).

Portugal recalls Parliament from summer recess to debate new electoral and census laws.

Second day of United Nations Economic and Social Commission for Asia and Pacific (ESCAP) meeting at New Delhi on trade between Asian and Pacific areas, attended by over 30 countries.

Sir Peter Vanneck, Lord Mayor of London, continues official visit to Latin America to promote British trade with the region.

COMPANY RESULTS

Final dividends: English and Overseas Investments. McKay Securities. Meat Trade Suppliers. Interim dividends: American Trust. Brocks Group of Companies. Ocean Transport and Trading. W. and E. Turner. Interim figures: Wedgwood (first quarter). Wolf Electric Tools Holdings.

COMPANY MEETINGS

Giltspur, Piccadilly Hotel, W, 12. Heywood Williams, Grosvenor Hotel, Chester, 12.15. Mercury Securities, 30, Gresham Street, EC, 12. Moorgate Investment, 8, Waterloo Place, SW, 12.30. Oil and Associated Investment Trust, Winchester House, EC, 12. Renwick Group, Renwick House, Brixham Road, Paignton, 2.30. John Swan, New Mart Road, Edinburgh, 4.

SPORT

Cricket: Under 19 Test, England v West Indies, Arundel. Golf: British Boys' Championship, Seaton Carew. British Girls' Championship, Largs. Carrolls Irish open pre-qualifying, Portmarnock. Bowls: English Men's Championship, Worthing. Yachting: Half Ton Cup, Poole.

EXHIBITIONS

Historical development of heraldry in Britain from its 12th century origins, British Museum, WC1 (until August 27).

George Romney drawings, Kenwood House, Hampstead Lane, NW3 (until September 3).

Sir Gilbert Scott centenary exhibition, Print Room Galleries, Victoria and Albert Museum, South Kensington, SW7 (until September 10).

COMPANY NEWS + COMMENT

AMC over £3m in second quarter

A SECOND-QUARTER jump in taxable earnings from £1.46m to £3.13m by Amalgamated Metal Corporation lifted profit for the six months to June 30, 1978, to £5.79m, compared with £4.19m.

The directors released the half-year figures earlier than intended so that they are available to members when considering the bid for the whole of the group's equity being made by Preussag AG. As reported in July Preussag has reached agreement to acquire Patino's 53 per cent controlling interest in AMC.

Sales for the six months fell to £455m (£561m) and after tax of £2.71m (£1.85m) earnings per £1 share came out at 31.6p (28.8p). The 1977 figures exclude an exceptional loss of £1.8m due to a fraud.

The net interim dividend is raised to 5.5p (5p) but the record and payment dates will be fixed and announced when the outcome of the bid is known. The board however expects payment to be made in October as usual. The final for 1977 was 10.812p paid from profit of £6.12m struck after the exceptional fraud loss.

During the first half tin smelting and industrial activities achieved excellent results and the directors expect continued satisfactory performance. Investment income, by far the greater part of which arises in the first six months, also showed useful improvement.

Profits arising from activities on the London Metal Exchange were marginally below the exceptional results achieved last year but nevertheless satisfactory. The result of the physical trading division continues to reflect difficult markets.

Minorities for the period amounted to £1.03m (£881,000) and attributable profit improved to £2.05m (£1.83m). There was an extraordinary debit last time of £35,000.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Amalgamated Metal int.	5.5	§	5	—	15.81
Charles Baynes ....int.	0.3	Oct. 2	*0.25	—	*0.67
Blagden & Noakes ...int.	‡5	Oct. 9	2.83	—	12
Saint Piran	0.76	Oct. 2	1.5	2.01	*1.81

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce disparity. § Payment to be decided on outcome of bid.

Sharp rise by Saint Piran

A JUMP in pre-tax profits from £2,093,542 to a record £3,028,871 is reported by Saint Piran, the tin mining and property development group, for the year to March 31, 1978. Turnover was up by over £3m to £15.39m.

At midway, when announcing higher profits of £1.3m (£798,000), the directors said that trading results in both main divisions showed improvement and it was anticipated that full year results would reflect the continuing trend of increased profits.

After tax of £821,299 (£774,981) adjusted for ED19, and extraordinary debits of £72,366 (£129,083), attributable profits improved from £1,097,683 to £1,752,269.

Earnings per 25p share are 15.64p (10.51p) and the dividend total is effectively raised from 1.8125p to the maximum permitted 2.01039p net.

Black Arrow sees more

PROSPECTS FOR all divisions of Black Arrow Group appear good and Mr. Arnold Edward, the chairman, looks forward to further satisfactory progress in the current year.

In his annual statement he says that the budget for new leasing business is currently considerably in excess of last year.

With office furniture distribution, the two branches have been moved to new facilities which provide more than double the capacity. The division has begun the year with a strong order book and a satisfactory increase in profits is expected.

Turnover and margins are on target in the electronic components operations, and a major marketing effort is now under way to change its image from that of a strong regional distributor to that of a national distributor, particularly to increase penetration in London.

With electrical appliances, margins have been substantially increased by management weeding out unprofitable businesses, Mr. Edward says. Directors are confident of a modest profit this year.

Fixed assets at balance date were £1.6m (£1.42m), current assets £2.24m (£1.76m) and liabilities £1.84m (£1.29m).

Burma Mines Board split on policy

The many small shareholders in Burma Mines—which, despite its name, is an investment trust company—are being asked to attend an EGM in October to decide the future of their company.

From three members of the existing board, Mr. D. S. Middleditch (chairman), Mr. W. A. Arbuckle, and Mr. D. A. H. Baer, comes a proposal for the liquidation of the company—which has realisable assets of some £1.6m, and a claim against the Burmese government for some £2.2m (which is being settled at the rate of £37,500 a year) in respect of the Burmese assets nationalised in 1965.

From the other two members of the board, Mr. Tom Scrase and Mr. Robert Morrison—who between them control 23 per cent of the equity—comes a proposals that the company should continue in being as an investment trust, and that the three opposing directors should be asked to resign.

The outcome will depnd on the attitude taken by holders of the American depositary receipts, who between them—and there are said to be 20,000 of them—control just over half of the 13½m shares in issue. A meeting is to be held in New York at the beginning of October, ahead of the meeting in London on October 18.

A. Preedy plans 12 new stores

AT LEAST 12 new retail outlets are planned by Alfred Preedy and Sons in the coming year, plus rehousing of three existing branches and more wholesaling capacity, Mr. H. L. Preedy, the chairman, says in his annual statement.

In the March 25, 1978, year eight new retail outlets were opened, and three rehoused. Pre-tax profit rose from £1.07m to a peak £1.21m.

He says he believes that progress in the retail trade will be sustained and that this will be supported by the group's policy of running a variety of outlets from comparatively large stores to news and tobacco kiosks and news rounds shops.

"We have also embarked on a programme taking us into specialist card shops under the name Occasions. Encouraging results have increased our determination to open more of these."

He adds that the successful rights issue at the beginning of the year enables the Board to embark on these ambitious expansionary plans with confidence.

On the wholesale side, Mr. Preedy says there has been a slight swing back to traditional trading, from cash-and-carry. The company, encouraged by results in this sphere, has taken additional warehouse space, particularly for storage and distribution of toys and stationery. The expanding cigarette vending division will also be housed in the new warehouse.

Meeting, Tipton, September 14 at 5.45 pm.

First half advance by C. Baynes

WITH TURNOVER higher at £1.05m against £0.89m, profits before tax of Charles Baynes, maker of hacksaw blades, advanced from £150,753 to £200,807 for the six months to June 30, 1978.

In its last annual report, the company said that while the strengthening of sterling was helping to stabilise the cost of raw materials, it was adversely affecting its competitiveness in export markets and the immediate future was viewed with caution.

For the whole of the 1977 year, a record £393,564 pre-tax profit was achieved.

After tax of £104,419 (£78,392) net profits for the half-year rose from £72,361 to £96,388. The interim dividend is effectively lifted to 0.3p (adjusted 0.25p) net per 10p share—last year's final was 0.42p, adjusted for a four-for-one scrip issue.

Medens profit doubled

TAXABLE PROFIT at Medens Trust, instalment finance group, jumped 101 per cent from £230,177 to a peak £463,396 in the June 30, 1978 year. Net profit came out at £227,022 compared with £108,829 previously.

The directors say revenue reserves rose 22 per cent to £533,350, while total group balances advanced from £8m to £11m, reflecting a 54 per cent increase in turnover in the group's hire purchase activities.

The dividend total for the unquoted group is lifted from 0.825p to 0.92p per 10p share, with a final of 0.58p.

Mr. J. A. K. Collins, the chairman, says the results reflect the general improvement in the instalment credit industry. Interest rates were lower than in the preceding year. "We look forward to further progress in the current year," he adds.

Blagden & Noakes ahead so far

FOR THE 25 weeks to June 25, 1978, taxable profits of Blagden and Noakes (Holdings) the steel drum, plastic product and chemical group, improved from £2,135,000 to £2,505,000 on turnover up £5.7m at £26.8m.

For the remainder of the year, the directors are confident that second-half results will top those now reported and all divisions are expected to do better than during the first six months.

The newly acquired, W. W. Ball and Sons achieved a trading profit of £612,000 for the half-year and the 12-month contribution is expected to be comfortably over £1m.

The chemicals division proved the main problem area for the group during the half-year, and a manufacturing loss of £153,000 wiped out the profit on trading activities and left a deficit for the division as a whole of £18,000 compared with a profit last time just topping £200,000.

A long-term development plan for this division that could involve a new plant with an investment of some £1m is now under consideration, say the directors.

Over the remainder of the current year the loss on chemical manufacturing is expected to be reduced with the division as a whole ending back in profit.

The group is still very much on the takeover trail and the likely target area is chemicals storage and distribution. At this stage, the directors say, they are looking for a "sizeable" acquisition and in bid terms this could involve a deal of more than £5m.

Profits were struck after heavier interest of £82,000 (£15,000) and included a lower share of £9,000 (£54,000) from associates.

Tax took £1.31m (£1.13m) and minorities £490,000 (£373,000), leaving attributable profits ahead from £632,000 to £705,000.

Earnings per 25p share are 13.2p (14.1p), while the interim dividend is raised from 2.825p to 5p net to reduce disparity—last year, payments totalled 12p from £4.36m pre-tax profit.

● comment

Take out a £600,000 profit contribution from the Ball acquisition in Blagden's figures and the overall result is not impressive. Moreover only the partly owned subsidiaries have managed to show any growth hence the sharp jump in minority interests. The major setback among the wholly owned operations was on the chemical manufacturing side where fierce competition from ComeCon countries exporting Hexamine (used in explosives and resins) has resulted in a £153,000 loss. Elsewhere the depressed state of the chemical sector early in the year affected both chemical trading and demand for steel drums. Losses on chemical manufacturing are expected to ease slightly in the second half but even so earlier outside estimates of £5½m pre-tax for the year are now looking optimistic. Perhaps £5.3m looks a more comfortable estimate, which on a fully taxed basis points to a prospective p/e of 8.8 at 270p. The yield is around 7 per cent, which is a rating looking beyond the company's immediate difficulties.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—American Trust, Brocks Group, De Beers Consolidated Mines, De Beers Industrial, Hong Kong and Shanghai Banking, Meat Trade Suppliers, Ocean Transport and Trading, W. and E. Turner.
Finals:—Eozod-Pelepah, McKay Securities.

FUTURE DATES

Interims:—

Cadbury Schweppes	Sept. 7
English and Scottish Investors	Aug. 23
Horizon Midlands	Sept. 5
Ofrex	Sept. 5
Scottish Northern Investment Tst.	Aug. 29
Winston Estates	Sept. 14

Finals:—

Capseals	Oct. 4
Cope Allman International	Oct. 4
Francis (G. R.)	Aug. 29
Glendevon Investment Trust	Sept. 11
Hoffnung (S.)	Aug. 25
Kamunting Tin Dredging Berhad	Aug. 25

Benjamin Priest has never been stronger

THE YEAR at Benjamin Priest and Sons (Holdings) has begun satisfactorily in the majority of areas, and Mr. C. F. Wardle, the chairman, says the group can look forward to its 125th year with the confidence that it has never been stronger.

The strength is in terms of financial liquidity and asset backing, and in the spread of sound manufacturing interests.

However, he says that directors cannot ignore the economic outlook which points to limited expansion in real terms for the next few years. It is therefore extremely difficult to predict the pattern of trading beyond the immediate future. But the Board will do all it can to improve performance and will continue to seek opportunities for growth.

As reported on August 9, taxable profit of the group—expanded by the acquisition of Blackheath Engineering and R. and A. G. Crossland—advanced from £1m to £1.3m in the March 31, 1978, year.

Mr. Wardle points out that the companies which formed the group at the beginning of the year achieved a record level of turnover.

He says each of the sub-groups into which the subsidiaries have been formed made progress in the period.

On the industrial fastener side Benjamin Priest and Sons withstood increasingly severe import competition through efficient customer service, strengthened sales coverage at home and abroad and the introduction of more products made to customers' specifications.

However, he says the future of the fasteners industry, is threatened in many quarters by the flow of imports.

After an early surge of orders on the materials handling side demand was uneven and is likely to continue to be so until there is sufficient long-term confidence in the economy to underpin a revival in capital spending on major warehouse projects, Mr. Wardle says.

At year-end, fixed assets of the group stood at £5.4m, compared with £2.2m previously, and net current assets were up from £1.97m to £3.01m.

Elliott of Peterborough

Recent board changes made at the Elliott Group of Peterborough received approval from shareholders at yesterday's annual meeting. Mr. T. H. Ison, Mr. P. E. Smeeth, and Mr. P. N. Smith were confirmed in their appointments to the board by a vote of the shareholders present, while Mr. A. W. Houston's election as chairman of the group met with no opposition.

Mr. Houston became chairman of Elliott in April following the resignation of Mr. Edmund Smeeth. Mr. Houston's appointment as chairman, and the other board changes, followed a City row late last year over the non-appearance of announced Middle East contracts worth £54m and directors' share dealings.

At yesterday's meeting a shareholder representing the Scottish Life Assurance Company asked for confirmation that the total figure for compensation for loss of office was £31,000, and that the amount had not been charged twice in the accounts. Mr. Houston confirmed that the amount was for only £31,000.

Another shareholder asked whether the amount due from a completed contract in Saudi Arabia was in contention or was it in the pipeline? Mr. Houston explained that there were no immediate problems. The contract was completed and only a final payment was awaited. After the meeting Mr. Houston added that the amount outstanding was £500,000 on an £11.5m contract.

Crown House sees continued progress

THE EXCELLENT progress achieved by Crown House during 1977-78 is expected to continue says Mr. Patrick Edge-Partington. Despite signs that trading conditions are becoming more competitive both at home and overseas, every effort will be made to maintain and improve the group's share of its markets.

The dominant aim will remain the expansion of its major interests in engineering, contracting, merchanting or electrical equipment and manufacture and distribution of glassware. In support of this capital spending of some £4m has been authorised.

Contracting margins at home are becoming more difficult to hold and the need for a healthy overseas operation remains, he says. In South Africa conditions are difficult owing to recession but an improving situation appears to be developing in Western Australia.

Expansion of the electrical merchanting activity will be continued including purchases by acquisition when opportunities arise, and in glassware further growth is expected in the current year.

The directors have now decided to end the group's interest in property development by running out the existing propositions in hand over the next two or three years. Sale of three properties during 1978-79 should make a useful contribution to profit.

On turnover of £93.94m (£76.96m) group taxable profit improved to £3.3m (£2.61m) for the year to March 31, 1978, and the net dividend is raised from 3.027p to 3.38p—reported July 11. The chairman comments that every effort will be made to reduce the disparity between dividend payments and the cost of living as soon as circumstances permit.

At year end net cash balances were down £1.16m (up £1.02m) with cash in hand and at the bank lower at £2.48m (£3.57m).

Turnover and profit was split as to electrical and mechanical engineering services £74.54m (£61.04m) and £1.79m (£1.6m); glassware £17.24m (£14.27m) and £1.48m (£848,000) and miscellaneous £1.86m (£1.63m) and £27,000 (£161,000).

Engineering contracting activity in the UK has now levelled off but Crown House Engineering finished the year with an outstanding order book 7 per cent up at £84m. Overseas it was a quiet year in Oman which contributed lower profit.

A merchanting company that had been set up in South Africa some three years ago did not prove successful and has been closed and assets sold. Full closure costs have been provided in the accounts for this and the closure in May of A. Seage, a small unit making switchboard panels.

Terms have recently been agreed for the sale of Seage's factory at Hammersmith for £175,000. A freehold contracting depot in London was sold for £320,000 during the year and it is proposed to rationalise the existing premises of Dema Glass. For this a site has been obtained for £250,000 and construction work will begin later this year.

Meeting, Connaught Rooms, WC, on September 14 at 11.30 am.

ISSUE NEWS

£1m finance for County Commercial Cars

Investment banker M. J. H. Nightingale has come up with an unusual financing package for County Commercial Cars (CCC), a manufacturer of tractors for export and the domestic market.

Nightingale, which conducts a market in a number of shares not quoted on the Stock Exchange, has arranged a private placing of £1m of 10.7 per cent Cumulative Redeemable Preference Shares with 14 institutions.

There are no plans to market these shares on Nightingale's so called "over-the-counter market."

A traditional equity issue is inappropriate on two counts. The controlling family with 65 per cent of the equity could not put forward more money and did not want to lose its controlling stake, and the funding is not viewed on a permanent basis.

The preference shares have been taken up by seven insurance companies, two merchant banks, four investment trusts and a pension fund.

Tozer Kemsley and Millbourn which owns a quarter of CCC's equity "would have been willing to extend further lines of credit" but the CCC directors wanted to increase the company's capital base without relying on one single source of finance.

CCC is raising the £1m to repay short term debt, fund a general increase in working capital and for a small amount of expenditure on fixed assets.

In the last accounts there was a medium term bank loan of £700,000, promissory notes of £557,685 and a bank overdraft of £488,000. Shareholders' funds were shown at £3.96m.

ALLIED IRISH

Holdings totaling £5,646,131 of Allied Irish Banks' 10 per cent Convertible Unsecured Subordinated loan stock have been converted into 4,686,283 ordinary shares.

KENSINGTON AND CHELSEA FLOATER

Phillips and Drew announce the placing of £5m of The Royal Borough of Kensington and Chelsea Variable Rate Redeemable stock, 1983 at £99¾ per cent payable in full on issue.

Interest will be calculated at ¾ per cent above six months LIBOR in the usual way, and will be paid on February 24 and August 24 with a first payment of £5.2317 per cent on February 24, 1979. The stock is redeemable on August 24, 1983.

Dealings are expected to commence on Thursday.

A total of £500,000 of stock will be available in the market on August 22 in accordance with the requirements of the Stock Exchange.

YORKSHIRE CHEMICALS

Yorkshire Chemicals announces that acceptances have been received for 3,537,941 ordinary shares (92 per cent) of the 3,842,936 shares offered by way of rights to ordinary shareholders. The shares not taken up have been sold and the net premium over the offer price, amounting to approximately 12p, will be distributed to shareholders entitled thereto, except that no payments will be made for amounts of less than £1.

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General Eng. sees £0.75m midway loss

ALTHOUGH TURNOVER at General Engineering Co. (Radcliffe) is expected to increase from £2.8m to £4.5m with the benefit of a high level of work in progress, a pre-tax loss of up to £0.75m must be expected for the first half of the current year, Mr. R. B. Ogden, the chairman says.

Most of this loss will represent the cost of wages and redundancy payments to employees surplus to requirements. During the second half the group should become increasingly profitable, he says in his annual statement.

As previously reported, in the March 31, 1978 year the group incurred a £512,000 loss against a £609,000 profit previously, and Mr. Ogden estimates the cost of surplus wages in the year was £680,000 (£305,000) net of subsidies.

Explaining the downturn he says there was a sharp decline in world demand, with a consequent sudden downturn in the intake of orders from the turn of the calendar year. Also competition, already keen, intensified, with profit margins coming under increasing pressure. *This still continues.* The decline was only partially offset by expanding sales of new products "*for which the prospects remain* most encouraging."

Turnover was also restricted by delays *in the placing of orders* which frustrated their completion by the year-end and raised the value of stock and work in progress to £4.3m (£3.4m).

A reappraisal of production and overhead requirements has been made to adapt the company to the current year's turnover expectation of £12m. Existing productive capacity was considerably higher than required, despite the expected turnover rise of some £3m. The target has been virtually attained in orders received.

The reorganisation is now being carried out and some 200 employees have lost jobs. The Preston works is being closed and offered for sale, as is part of the West Bromwich plant and other surplus property. Extensive reorganisation at Radcliffe is also in hand.

Mr. Ogden says the speed and extent of recovery will by no means be wholly dependent on the state of world trade. Current trends in orders are demonstrating the extent to which adverse market conditions can be mitigated by new technology and selectivity in product range. This continues to be given high priority.

Mr. Ogden points out that the increase in work in progress has caused a temporary surge in outstanding book debts, and that its bankers, Williams and Glyn's, has covered its foreseeable cash needs. At balance date secured bank overdrafts were up from £0.86m to £3.7m.

Plant and equipment has recently been revalued showing a £1m surplus, and this is reflected in the balance-sheets. Fixed assets are stated at £3.72m (£2.58m), and net current assets are shown down from £1.14m to £0.48m.

On a divisional basis, Mr. Ogden says the cable machinery side is confident its development programme and new product introduction will enable it to maintain its market position despite the market being difficult.

The vacuum products division's order intake has shown a satisfactory improvement, but unfortunately orders have not yet been taken for the continuous casters for steel.

Last year, exports accounted for 67 per cent of turnover and overseas subsidiaries all did well and contributed to profit, with the exception of the North American company. This company, however, secured important orders for the UK and further development of prospects in the area. He says its small manufacturing unit is not entirely suitable for future needs and changes are necessary.

The company is changing its balance date to December 31.

Meeting, Radcliffe, September 13, at noon.

Ward & Goldstone moves into electronics

AN ENTRY into the electronics industry is being planned at Ward and Goldstone and the group's research and development team is being increased with the emphasis on these fields.

Reporting this, Mr. Sampson Goldstone, the chairman, says that the directors' hopes for the future of the company are reflected in the heavy capital investment made during 1977/78, but warns that it will be impossible to maintain such spending if earnings are to be eroded by the effects of industrial unrest.

His comments follow a year in which there were nearly three months losses in production and sales after refusal by the maintenance and tool room engineers to accept a pay offer. Mr. Goldstone says the offer was in accordance with the permitted maximum, which if broken would have seriously prejudiced the group's valuable Government contracts.

While the rate of inflation has now abated the directors are concerned at what follows after the end of phase three pay agreements.

He says the maximum utilisation of plant is highly necessary and with the co-operation of the labour force the directors are hopeful that with a more favourable outlook they could expect an early growth in earnings.

Currently the workload for the wires and cables division is at a higher level than in the peak periods of 12 months ago. Even so profitability is affected by strong competition with demand suffering from the recession in the building industry and aggravated by increased difficulties in export markets.

Technological advances in production in the auto wiring division are beginning to make their impact and growth prospects are favourable, and output in the wiring accessories division is now running at a higher level than a year ago.

For the year to March 31, 1978, taxable profit fell from £4.14m to £3.34m and the net dividend is effectively raised to 4.5378p (4.0631p) per 25p share. Year-end bank overdrafts and acceptance credits were down at £4.11m (£5.27m) and cash was higher at £0.84m (£0.2m). Future capital spending amounted to £1.35m (£0.56m) and there was a medium term loan this time of £2m (nil).

Meeting, Manchester, on September 14 at noon.

Nchanga Consolidated Copper Mines Limited

(Incorporated in the Republic of Zambia)

Statement by the Chairman the Hon. J.C. Mapoma, M.P., Minister of Mines.

The past year has witnessed a further decline in the fortunes of the world copper mining industry. In spite of various economic forecasts to the contrary, the world-wide trade recession continued almost unabated. As if this were not enough, the fear of inflation by many developed economies made the implementation of meaningful reflationary measures most difficult. The Zambian mining industry had, in addition, to contend with the worsening transportation and production problems, loss of skills and experience and the shortage of essential supplies. It is against this background that the Company undertook a detailed review of its operations with a view to cutting down forecast expenditure.

In September, 1977, the Company estimated that implementation of the rationalisation measures which were being considered would reduce forecast expenditure by about K60 million during the 18 months' period ending 31st March, 1979. Five main target areas were, therefore, selected for action.

On 16th November, 1977, His Excellency the President of the Republic of Zambia, Dr. K. D. Kaunda, appointed a committee (The Industry Committee) to look into the problems being faced by the Zambian mining industry and to submit specific recommendations for dealing with those problems. The Industry Committee devoted nearly two months to its task before it was in a position to submit its report and recommendations to His Excellency the President. In the course of its work, the Committee visited the mines and received oral and written submissions from a wide cross-section of the industry. For its part, the management of the Company submitted a set of measures which it planned to implement in order to effect the intended rationalisation of its operations. It was gratifying to note that the Company's proposals were accepted by the Industry Committee.

However, the rationalisation can only result in maximum gain to both Roan Consolidated Mines Limited (RCM) and the Company if action is taken by the two companies on an industry basis. It is my sincere hope that this will be possible given the past record of co-operation between the two sister-companies.

Because in November, 1977, the Company estimated that, in order to maintain metal production at forecast levels and the expected low copper prices, it would require new additional borrowings amounting to approximately K175 million during the 18 months' period to March, 1979, it was clear that the proposed measures would only reduce the Company's need for external loans.

During the six months' period ended 30th September, 1977, the average sales realisation price of copper was K1 049 per tonne. At this price, Chingola Division was the only profitable division. However, even Chingola was barely profitable at the price of K960 per tonne which was forecast for the quarter ended 31st December, 1977. This inevitably raised the question of shutting down some of our uneconomic operations in order to reduce working costs. Unfortunately, detailed studies have shown that it is difficult at present to alleviate the Company's current financial burden by rephasing its operations or by closing down any section from which substantial copper production is currently being obtained.

This is due to the fact that the Company's production from its three copper Divisions is dependent on the inter-relationship between copper concentrate types, the available treatment plants and the by-products produced. For example, any production shortfall from Rokana Division will result in a deficiency of sulphur for smelting and acid production, not to mention the potential loss of cobalt which is produced only from Rokana ores at present. In particular, because of the single smelter at Rokana, the closure of a major production section would result in the loss of substantial tonnages of revenue-earning copper as well as severely affecting metallurgical blending and efficiencies. In addition, the cost of maintenance of such a section, in a state that would allow a quick re-start of operations at a later stage, has been shown to be prohibitive.

Consequently, the Company decided on implementing a number of measures, including stopping mining in the upper orebody in the underground mine at Chingola Division and the putting of north shaft at the Mindola section of the Rokana Division on a care-and-maintenance basis. Labour withdrawn from these areas will be redeployed in other sections.

The success or failure of the Company's cost reduction exercise will depend, inter alia, on whether suitable corrective steps are taken quickly to improve the performance of the ports and the transport system. This is important because I recognise the fact that the Republic of Zambia will continue to rely, at least for the foreseeable future, on its mining industry for a very large percentage of its foreign currency earnings. Therefore, I urge the nation to give due recognition to the strategic importance of copper to Zambia's economic development. In this connection, the Company drew the attention of the Industry Committee to the matters mentioned below as being outside its powers and therefore it had to look to the appropriate authorities for action:

(i) TRANSPORT

The lack of a reliable and efficient transport system is the most acute problem currently facing the Company. The transit time for copper movement from mine to Dar es Salaam port increased over the past year from the normal eight days to 17 days, in respect of road transport, and from 12 days to 22 days, for rail transport. Consequently, during July, 1978, the copper stock at mine reached a maximum of 2 700 tonnes compared with a normal stock of about 1 000 tonnes.

Port congestion, the slow rate of off-loading and transport delays have all seriously affected the movement of imports into Zambia from the port of Dar es Salaam.

(ii) SHIPMENTS

As a direct consequence of the transportation difficulties, shipments during the first five months of 1978 were disastrously low. In June, the situation improved but this was due to the use of direct loaders to uplift additional tonnages of copper from Dar es Salaam. However, July shipments are again expected to be very low. Unless the copper at mine is moved to port immediately and the performance of the port improves future shipments are likely to suffer as well.

(iii) FOREIGN EXCHANGE ALLOCATIONS

Due to inadequate foreign exchange allocations, the Company has not been able to order essential spares from certain external suppliers and, as a consequence, some metal production has been lost. If the situation is not corrected soon, the position will worsen.

During the financial year, the Government of the Republic of Zambia reached an agreement with the International Monetary Fund (IMF) for a standby arrangement totalling Special Drawing Right (SDR) 315 million (K322.6 million at post-devaluation exchange rates). As part of this standby arrangement, the Government of Zambia devalued the Kwacha by 10 per cent on 17th March, 1978, and agreed, among other measures, to impose restrictions on local borrowings by RCM and the Company. Since the year end, it has become clear that, unless there is a substantial improvement in transportation, shipments and in the allocation of foreign exchange, it will probably not be possible for the company to live within the IMF credit restrictions to the mining industry.

Operating Results

Copper production for the year ended 31st March, 1978, at 377.156 tonnes, was lower than had been anticipated, being 47.844 tonnes below the forecast target of 425.000 tonnes.

This output was disappointing in view of the very high tonnages achieved in the previous financial year, but it is a measure of the effect on the Company of the problems which were outlined in my predecessor's statement which covered the financial year ended 31st March, 1977.

During the last financial year, the Company continued to suffer from severe shortages of spares and essential supplies due to the continuing scarcity of foreign exchange and from the loss of skilled and experienced personnel.

Cobalt production was 1.713 tonnes, of which 1.093 tonnes were for the account of the Company. The balance was produced on behalf of RCM.

Last year, mention was made of the zone of high grade mineralisation in the Nchanga Open Pit (NOP) at the Chingola Division which had contributed substantial quantities of copper towards the high production. This zone was not available for mining during the last financial year and much of the NOP ore had to be from lower grade sections of the pit. In the underground mine, water continued to hamper operations in the eastern high grade areas of the lower orebody. When production from these areas was stepped up in September, 1977, there was a marked improvement in grades of ores delivered to the mill.

The problems of spares and staffing that beset the Company caused a deterioration in the capacity of the Chingola concentrator to handle ore and, in the latter part of the financial year, this had a substantial adverse effect on our copper production. I am happy to report that a programme of repair and rehabilitation has resulted in a return to normal operating levels.

Both the high grade and tailings leach plants at Chingola operated satisfactorily, but we were again affected by shortages of lime. To augment supplies of this commodity, the Ndola Lime Company Limited operated two of the old vertical kilns in addition to the rotary kiln. However, the benefits from this were less than expected because of handling difficulties at Chingola. When the rotary kiln was taken out of operation for complete overhaul, it was necessary to close down the tailings leach plant completely from 4th to 24th February, 1978.

Planning for the Stage III extension of the tailings leach plant continued throughout the year. At the same time, construction of some of the permanent structures was commenced. However, negotiations for raising the necessary finance for the project were protracted and were not concluded during the year as expected. Due to certain government requirements, it became necessary to withdraw the mandate previously given to a lead bank to raise the cash portion of the required finance. The mandate was passed to the International Finance Corporation (IFC) in late 1977. Following consideration of certain conditions put forward by the IFC, the Company has decided to defer implementation of the project until more satisfactory financing arrangements can be made.

At the Rokana Division, despite a series of breakdowns at the shafts and concentrator, copper production was satisfactory. The smelter continued to operate well although it, too, was affected by the problems of staffing and spares shortages. The stockpiles of concentrates ahead of the smelter were depleted.

Ore production continued steadily at Konkola Division. However, the lengthy delays encountered in completing capital extensions in the two operating shafts, due to the water-logged conditions, are causing some concern. Therefore, the planned increase in copper output from this Division will take longer than expected.

Konkola Division manages operations at the Kansanshi mine at which small scale production commenced in July, 1977. Ore from Kansanshi is roadhauled to Chingola division for treatment. An average of 15 000 tonnes of ore per month were delivered.

The last rains were heavier than for many years and the effect on work in the open pits was considerable. However, with the onset of the dry weather, the situation has improved.

Production of lead and zinc from Broken Hill Division was, once again, well below target, although better than in the previous year. The collapse of the conditioning tower on the No. 1 Waelz kiln that was mentioned last year brought production from this complex to a stand-still until June, 1977. Further difficulties were experienced thereafter with refractory linings, slag removal and fume precipitation, but there was a steady improvement in the metallurgical operations of the Waelz kilns.

On 23rd December, 1977, poor deliveries of coke from the stockpile at Dar es Salaam resulted in the imperial smelting furnace, which produces both lead and Sable 4 zinc, being closed down. The closure lasted for 54 days because it was not possible to re-start this plant until sufficient stocks of coke had been accumulated.

Import and Export Routes

I have already referred to the transportation problems which plagued the Company over the past year. We continued to rely on the route to the East African port of Dar es Salaam especially as despatches to Nacala were minimal depite the plan to ship 10 000 tonnes of metal per month through that port. The route to Beira through Rhodesia remained closed.

Very recently, an agreement between Angola and Zaire for the reopening of the Benguela Railway was announced. It is not yet possible to indicate a date for the actual resumption of railings through the Lobito route. Prior to its closure in 1975, the route handled about 50 per cent of Zambia's imports and exports.

If only to highlight the concern the matter caused the management of this Company, I wish to reiterate the urgent need to resolve the transportation bottlenecks. Because shipments and, therefore, metal sales, have suffered, foreign exchange earnings by RCM and your Company have dwindled. In order to meet our current commitments, both the nation and the two mining companies have had to resort to external borrowing at great cost. It is, therefore, essential in my view, that the country exports all its finished metal production to obtain foreign exchange to meet our current commitments. This is cheaper than borrowing.

The Botswana route, although it was not exempt from seasonal operating problems, faired better than the Dar es Salaam and Nacala routes. Although the volume of traffic on this route is smaller, its importance as an import route should not be underrated.

Salient Statistics

	Year ended 31st March 1978	1976/77	1975/76	1974/75	1973/74
Copper production — tonnes	377 156	427 810	385 414	408 666	408 753
Copper sales — tonnes	384 560	425 931	386 201	396 160	397 385
— revenue per tonne	K1 002	K1 072	K768	K1 087	K1 200
	K million	K million	K million	K million	K million
Total sales revenue — all meteals	422	506	327	479	555
Profit/(loss) before taxation	(34)	84	(49)	137	277
Profit/(loss) after taxation	6	34	5	59	113
Profit/(loss) after taxation including extraordinary items	(10)	2	5	59	113
Dividends	—	—	—	17	67
Capital expenditure at 31st March	23	16	39	59	69
Capital employed (including short-term loans)	712	725	692	571	482
Ordinary shareholders' funds	442	438	440	445	412
Number of employees	34 741	34 540	33 600	34 240	33 400

Metal Prices

My predecessor last year expressed the view that, in the near future, he could not see a marked improvement occurring in the economies of the industrialised countries and demand for copper. It is my sad duty to confirm this gloomy forecast, that the industrial recession is still very much with us and that copper prices have sunk, in real terms, to the lowest levels since the Second World War. The highest cash settlement price for copper during the year was £888 (K1 212) per tonne on 4th April, 1977. The lowest was £611 (K836) per tonne on 1st March, 1978.

The reasons for this situation are quite clear. In addition to the recession, there is still substantial excess production capacity following the high investment in the world's copper industry in the late-1960's and early 1970's when prices for the metal were attractive.

The copper over-supply situation was reflected in the continuing high level of world stocks which remained in excess of two million tonnes.

Against this background, the search for copper price stabilisation measures was intensified. At the ministerial meeting of the Inter-Governmental Council of Copper Exporting Countries (CIPEC) held in Jakarta in December, 1977, the Republic of Zambia argued strongly in favour of copper production cut-backs by members of CIPEC.

As a result, Peru, Zaire and Zambia agreed, subsequently, to a 15 per cent cut-back and this was announced in March, 1978. In addition, Zambia announced a 15 per cent force majeure on copper shipments, effective from May, 1978, due to serious production and transport constraints.

Discussions between copper producers and consumers under the auspices of the United Nations Conference on Trade and Development (UNCTAD) continued throughout the past year, with little progress being made. The main problem hinges on how much autonomy should be given to the proposed consultative intergovernmental copper body which is to undertake the principal tasks upon which agreement has been reached. More discussions have been held at other United Nations organisation forums, including the north-south dialogue.

There have been disagreements, some of which have been essentially based on principle. I personally believe that schemes which advocate massive stockpiles and related financing, without the provision of production cuts, would merely encourage the development of more mining capacity than the markets require. Not only do they contain the seeds of their own ultimate destruction, but they could over-stimulate and then destroy the economies of some developing nations. In addition, the knowledge that a large stockpile existed would tend to depress prices. It is also clear that no ready and universal solution to the copper price exists. However, like my predecessor, I remain hopeful that, despite the conflicting interests, it will be possible to work out internationally acceptable price stabilisation schemes.

Sales

The Company sold a total of 384 560 tonnes during the financial year ended 31st March 1978 compared to 425 931 tonnes during the previous financial year. The reduced sales are a result of lower production and the poor transport facilities which adversely affected shipments.

Lead and zinc sales, at 46 027 tonnes, were lower than the previous financial year's figure by 22 373 tonnes. In the previous year, there was a substantial reduction in finished stock which accounts for the difference. On the other hand, in the financial year under review, although production was higher, stocks of finished lead and zinc increased by 5 604 tonnes.

Out of 1 704 tonnes of cobalt sold during 1977/78, 1 101 tonnes were for the Company's account. This compares with 2 408 tonnes of which 1 934 tonnes were for the Company's account during the preceeding financial year.

In May, 1978, the price of cobalt was increased from U.S. $6.85 per lb to $8.50 per lb. On 14th July, the price was further increased to $12.50 per lb effective from 1st August, 1978. Demand for cobalt remains very strong and the Company is investigating ways of increasing the output of this metal.

Finance

The average realisation for copper was K1002 per tonne against K1072 per tonne for 1976/77. Coupled with rising costs from general inflationary trends and from the effects of the 1976 devaluation of the Kwacha, this caused the previous year's profit of K83.6 million to deteriorate to a loss before tax of K33.6 million.

No dividends, other than those due on preference shares, have been paid.

Capital expenditure has again been strictly controlled, the rise from K16.1 million in 1976/77 to K23.2 million in the year under review being accounted for principally by the K4.9 million incurred on the tailings leach Stage III project. As long as the present financial situation continues, only those projects of immediate importance to the Company's operations will be sanctioned.

CAPITALISATION OF SHORT-TERM LOANS

One of the recommendations made by the Industry Committee to his Excellency the President contained a proposal that the Zambian Government should consider and, if possible, accept the conversion into capital of the sum of K65 991 000 in short-term loans raised by the Company through the Central Bank. To facilitate the capitalisation, the Government, as the holder of the "A" ordinary shares in the capital of Company, was asked to take over the short-term loans from the Bank of Zambia.

The Zambian Government subsequently confirmed to the Company that it had accepted the Industry Committee's recommendation and had, consequently, taken over the short-term loans of K65 991 000. Accordingly, the accounts for the financial year ended 31st March, 1978, have been prepared on the assumption that the short-term loans would be capitalised and the K65 991 000 is, therefore, shown in the accounts as medium-term financing.

ACCOUNTING TREATMENT OF EXPENDITURE OF FIXED ASSETS

The Directors, on the report, have mentioned the recommendation by the auditors to the Company on the accounting treatment of expenditure on fixed assets. I would like to draw your attention to this section of their report.

While it has been accepted by the auditors that this accounting principle regarding depreciation and depletion of assets should not apply to the accounts for the financial year under review, the Company is now considering the matter for the future.

Investment

During the year, RCM and the Company, through a jointly-owned company, Mulungushi Investments Limited, incorporated in the Republic of Zambia for the purpose, acquired a 50 per cent interest in Societe de Coulee Continue de Cuivre, a newly established French continuous cast rod company.

The Company's investment totalled K1.6 million. This will strengthen the Company's market share of western Europe and provide a sound base for future expansion into this growing product area. The remaining 50 per cent interest is held by Thomson Brandt of France.

Industrial Relations

The Company's excellent industrial relations record, which was the subject of a proud comment last year, was even better during the 1977/78 financial year.

I am happy to report that the Works Councils' record during the year under review showed a marked improvement on the previous year. Section 72 of the Industrial Relations Act, 1971, which empowers Works Councils to veto new management policy decisions in matters of welfare and conditions of service, came into effect during the financial year.

Zambianisation, Manpower Planning and Training

The Management is constantly reviewing the staff establishment of the Company to reduce this to more economic levels under the rationalisation exercise. Considerable success has been achieved, particularly since the end of the financial year. Much remains to be done in the field of training for our programme of Zambianisation, because of the difficulties in recruiting suitably qualified and experienced personnel from overseas, both for training and operations.

Directorate

I welcome Mr. D. C. Mulaisho's return to the Board of Directors of the Company. Members will recall that Mr. Mulaisho had been an "A" director since 1970, and Chairman of the Company from February, 1971, until September, 1973. He has replaced Mr. L. M. Lishomwa. Since the year-end, Mr. L. C. Sichilongo has been appointed as an "A" director in place of Mr. F. M. Walusiku who was withdrawn.

On 16th June, 1978, General the Hon. G. K. Chinkuli, MP, resigned as an "A" director and Chairman of the Company after a period of 14 months. General Chinkuli brought to the chairmanship of the Company tremendous energy, dedication and interest. I wish to thank him for his wise leadership and contribution to the Company and wish him well in his new appointment as Minister for Power, Transport and Communications.

Staff

Mr. K. de H. Opperman resigned as General Manager of Chingola Division with effect from 1st October, 1977, after 33 years' service with the Company. I thank him for his long and distinguished service. Mr. T. A. D. Moskwa, then General Manager Broken Hill Division, succeeded Mr. Opperman at Chingola. Mr. J. R. Hoatson was appointed General Manager of Broken Hill Division with effect from 1st October, 1977.

Mr. R. L. Bwalya was appointed Director of Administration with effect from 1st January, 1978, in addition to his post as Company Secretary.

In conclusion, I wish to thank all the employees of the Company for the improved industrial relations record achieved during the past year and for their dedication to the affairs of the Company in very difficult circumstances.

Future Outlook

The financial strains of the past year have forced world copper producers to reduce production and cancel expansion plans. The effect of these actions is already being felt in the reduction of world stocks from level which had lead consumers to believe that these were more than adequate for any foreseeable future requirements. As the progress towards a balance in the copper market continues in the year ahead, as I believe it will, despite the poor consumption prospects, so the price of your Company's copper should assume a closer relationship to that required to meet its commitments, including loan repayments. However, on any foreseeable price, it will be another difficult year.

Within Zambia, also, the pattern for an economic recovery is emerging under the influence of the IMF package and, as this progresses, albeit with a painful impact, I believe there will be established the basis of future growth and diversification of the Zambian economy. However, a lot will depend on how successfully we resolve our transportation problems.

Copies of this statement with the annual report and accounts will be available from the office of the United Kingdom Transfer Secretaries, Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

MINING NEWS

Pancontinental still on the starting line

BY KENNETH MARSTON, MINING EDITOR

AUSTRALIA'S Pancontinental Mining says in its latest quarterly report that it is well placed to begin construction at the Jabiluka uranium deposit—in which it is partnered by America's Getty Oil with a 35 per cent stake—when all the necessary approvals are received.

Engineering and field work studies continued at the Northern Territory venture in the past quarter. Work was also done on obtaining environmental clearances at Jabiluka.

At the same time, Pancontinental and the Japanese Power Reactor and Nuclear Development Corporation started field work at the joint uranium exploration programme in Australia which was announced in April. It is also announced that in Canada drilling has started at the Pancontinental-James Bay Development Corporation-Cominco joint venture at uranium areas in the Otis Mountains of central Quebec.

But all eyes are on the Australian "big one" and the latest quarterly report does not take us any further: Jabiluka like the rest of the potential Australian uranium mines is still hanging fire.

The major remaining hurdle appears to be the agreement still to be reached with the Northern Lands Council on royalty payments for the Aborigines who, according to their U.S. consultant, Mr. Stephen Zorn, are basically opposed to mining anyway. Pancontinental were £14 in London yesterday.

JONES MINING IN GEM RUSH

The latest contender in the Western Australian diamond exploration rush is Jones Mining, reports Don Lipscombe from Perth. The company has a field crew prospecting and pegging mineral claims for diamonds, principally in the Lennard River/Nookanbar area.

In addition, Jones Mining has entered into an agreement with a diamond exploration consortium managed by Carr Boyd Minerals to carry out "detailed photogeological studies over certain areas in the southern Kimberley region.

"These detailed studies, executed by N. J. Mackay and J. L. Daniels, directors of Jones Mining and Carr Boyd Minerals, respectively, have indicated features considered worthy of acquisition," the company says in a report to the Stock Exchange of Perth.

To date, 23 mineral claims have been pegged on a 50-50 basis with the Carr Boyd consortium, and pegging is continuing. Jones has also made a placement of 240,000 50 cent new shares, paid to 20 cents, for cash. The issue price is 20 cents per share at a premium of 5 cents per share.

Big problems for Zambia's copper mines

SUFFERING from low metal prices like the rest of the world's copper producers, the Zambian mining industry has been also severely hit by transport difficulties and shortages of spare parts and skilled men. In the year to March 31 copper sales of Nchanga Consolidated Copper Mines dropped to 384,560 tonnes from 425,931 tonnes in 1976-77 while sales of lead and zinc fell by 22,373 tonnes to 46,027 tonnes.

Efforts are being made to reduce costs, but the chairman, the Hon. J. C. Mapoma, says in his annual statement that the success or failure of these efforts will depend, among other things, on whether suitable steps are taken quickly to improve the performance of the ports and transport systems. He cannot see any real recovery in copper demand in the near term.

In return for an International Monetary Fund standby credit arrangement Zambia has had to agree, among other measures, to impose restrictions on local borrowings by Nchanga and Roan Consolidated Mines.

But Mr. Mapoma says that: "Unless there is a substantial improvement in transportation, metal shipments and the allocation of foreign exchange it will probably not be possible for the company to live within the IMF credit restrictions to the mining industry."

SEA CONFERENCE MEETING AGAIN

The Law of the Sea Conference opens yet another session on Monday—its seventh since it began in December 1973—under threats from the U.S. and other industrialised nations to sanction unilateral mining of minerals on ocean floors.

Even by optimistic estimates, a comprehensive international treaty is unlikely to be ready for signing before the summer of 1980. Once signed, the treaty must be ratified by individual Governments—a process that could take years—before it can become effective.

Besides regulations for mining ocean floor minerals, the treaty would also cover freedom of navigation and overflight, fisheries and other marine issues, settlement of disputes, pollution and scientific research.

Four-fifths of nearly 400 articles of the proposed treaty have been generally agreed upon, but Conference officials admit that negotiations could still come apart over seabed mining and a few other "hard-core" issues that remain, mostly the differences between rich and poor nations and between coastal and land-locked countries.

Messina takes up Irish option

SOUTH AFRICA'S Messina (Transvaal) copper mining and industrial group has exercised its option on 47.5 per cent of the Irish Rennicks and Bennett lead-zinc property. Situated at Scallanstown, near Tara Exploration's rich zinc-lead mine at Navan in County Meath, it is estimated to contain some 2m tons of ore grading 7 per cent lead and zinc.

The deal will reduce the interest in the property of Messina's Canadian partner, Sabina Industries, from 56.8 per cent to 30.45 per cent. Ireland's Glencar will have 17 per cent and Rennicks and Bennett 5 per cent.

In return, Messina, which has spent more than £275,000 on the property, is obliged to produce a feasibility study and 60 per cent of any senior financing cost if a mining decision is made. Considerable new drilling is involved, it is stated.

Sabina and the other partners can opt out of the senior financing by reducing their interests, in favour of Messina, to: Sabina 14.42 per cent, Glencar 8.08 per cent and Rennicks and Bennett 5 per cent.

At current metal prices, the small deposit does not look very attractive, but it could be a proposition if it were to share the plant facilities of Tara's nearby operation and there is talk of a possible deal being done with that company and its associate, Northgate Exploration.

Mary Kathleen Uranium

ANOTHER page in the saga of the litigation between America's Westinghouse Electric and the 29 international uranium companies comes with the half-yearly report of the Rio Tinto-Zinc group's Australian Mary Kathleen mine. It is understood that the judge in the U.S. proceedings proposes to grant Westinghouse a default judgment against Mary Kathleen and those other defendants (including RTZ) who have not appeared at the proceedings.

Mary Kathleen has been advised that such a judgment would not be enforceable in Australia. RTZ is of a similar opinion as far as the UK is concerned. The appearing defendants, who are transatlantic companies—are believed to be preparing a case while the judge has said that he will make a further pronouncement early next month.

Meanwhile, Mary Kathleen's measures to increase production have resulted in a reduced net loss of A$1.46m (£0.87m) for the half year to June 30 compared with a loss of A$8.38m in the same period of 1977. The uranium sales contracts are priced in U.S. dollars and as a result of the depreciation of that currency against the Australian dollar the mine suffered a loss of revenue of $A0.5m in the past period.

This adverse factor—it also affects the Australian iron ore producers—coupled with strikes and the commissioning of new equipment is expected to lead to a further comparable loss for Mary Kathleen in the current half-year. But with increased production in mind the company expects to agree revised delivery schedules with its Japanese customers before the end of the year.

MINING BRIEF

RAHMAN HYDRAULIC—Monthly output for July 99 tonnes (June 117 tonnes).

BIDS AND DEALS

Wrengate buys 29% of Boardman

Wrengate, an unlisted textile company in Manchester with Indian connections, has agreed to buy 29.9 per cent of the clothing company K. O. Boardman International, for £1m.

Wrengate is controlled by Mr. G. S. Ruia and Mr. N. Musry and their families. Mr. Ruia and Mr. Musry together with two others will join the Board of Boardman, and Mr. Ruia will become chairman. But Wrengate does not intend to make a general offer for Boardman.

The 6.38m shares being bought at 16p per share come from KOBM, a company controlled by Mr. K. O. Boardman and his family trusts. This company is also selling another 1.15m shares by way of a placing at 16½p cum dividend with institutional and private clients of stockbroker Halliday Simpson and Company. The Boardman family interest will come down to 5½ per cent as a result of these transactions and Mr. K. O. Boardman and Mr. P. S. Boardman will retire as directors.

The City Panel on Takeovers and Mergers has been consulted about the deals.

Last October Wrengate launched a £4½m bid for Assam Frontier Tea. The bid failed due to the opposition of Sime Darby Holdings which controlled the company with the aid of preference shares, despite owning less than half of the ordinary shares.

Boardman International announced its preliminary results yesterday showing pre-tax profit down to £906,000 (£1m) on unchanged turnover of £21m. The profit included £225,000 from a subsidiary BPT Leisure International which was sold with effect from July 1, 1977. The arrangements for this disposal included the cancellation of 2m ordinary shares of the company.

BATTLE FOR WESTON-EVANS

While Johnson and Firth Brown is preparing its offer document to send to shareholders of Weston-Evans "as fast as possible," nothing has yet been heard of the postponed offer document from Birmingham Midlands Counties Trust, the lower bidder, whose offer was automatically triggered off by its purchase of 42 per cent of Weston-Evans shares.

The Takeover Panel, which earlier gave Birmingham permission to withhold its document pending the statement of the new bid, yesterday confirmed that Birmingham sought a further extension of time towards the end of last week.

Before agreeing to this the Panel has sought clarification from Birmingham of its position. It expects to receive this clarification later this week.

Meanwhile, JFB has been buying in the market. Yesterday its advisers, Lazard Brothers, announced the purchase of 35,000 Weston-Evans shares at 152p.

BONSER RISE

Shares of Bonser Engineering, which is on the receiving end of a 43p a share bid worth £2.6m from the Kaye Organisation, rose to 41p yesterday from their suspension price of 36p on Friday.

CHARLES HURST PULLS OUT

Charles Hurst, the Northern Ireland motor distributors, has pulled out of bid talks for McNeill Brothers (Newry) after failing to reach agreement on suitable contract terms.

NU-SWIFT IN SWITZERLAND

Nu-Swift Industries has taken over the business of its concessionaire in Switzerland, and jointly with him formed a new company titled Feuerloscher Nu-Swift (Schweiz) AG.

Nu-Swift owns 51 per cent of the capital and over a period will acquire, on an already agreed basis, the remaining 49 per cent.

Nu-Swift products have been sold in Switzerland for 25 years and the establishment of the new company is aimed at increasing market penetration and profitability.

ROBT. McBRIDE

Acceptances of BP Oil's offers for Robert McBride (Middleton) have been received in respect of 5,605,199 ordinary shares (98.41 per cent) and 62,755 preference shares (15.68 per cent).

The offers are unconditional and remain open.

SHARE STAKES

Granada Group—Following sales of shares beneficially owned by Lord Bernstein's family interests are reported—200,000 "A" ordinary on August 9 at 113p and 50,000 "A" ordinary on August 16 at 117p.

Marchwiel—R. J. McAlpine, vice chairman, has sold 250,000 shares, and O. P. Edge, director, has sold 80,000.

Intereuropean Property Holdings—L. P. Marsh, chairman, between August 8 and 11 sold 158,000 shares.

Chloride Group—M. O. Edwardes, director, on August 17 exercised an option on 13,880 shares at 83.5p. On same day he sold the 13,880 shares at 127p.

Energy Services and Electronics—J. H. Levett, director, has sold 26,137 shares to meet tax commitments.

Brooke Tool Engineering (Holdings): Menteith Investment Trust has sold 352,600 ordinary shares resulting in a total interest of 750,000.

Tomkinsons Carpets: Britannic Assurance Company is now interested in 200,000 ordinary shares (7.03 per cent).

Chaddesley Investments: MS (Registrars) has become interested in a further 116,156 ordinary shares which were acquired as a result of the offer made for the capital of Chaddesley. MS (Registrars) has contracted to sell in the market 289,730 ordinary shares.

United City Merchants: Mr. A. J. Sharman and Mrs. E. L. Sharman have sold 47,144 loan units.

Bifurcated Engineering: Britannic Assurance has increased holding to 830,000 ordinary shares (9.04 per cent).

Hambros Investment Trust—A subsidiary of Hambros Ltd. has bought 230,000 shares and with its subsidiaries is beneficially interested in 2,054,045 (7.7 per cent).

Harrisons Malaysian Estates—Kien Huat Realty Sdn. Bhd. no longer has a notifiable interest by virtue of its acceptance of the offer by Harrisons and Crosfield in respect of its holdings. Genting Highlands Hotel Berhad no longer has a notifiable interest by virtue of its acceptance.

M.Y. Dart—G. H. Wales, director, has sold 10,000 shares.

Vinten—A. R. Macmath, director, on August 14 sold 10,000 shares and on August 17 sold a further 10,000.

Northern Foods—N. Horsley, director, sold on August 2 10,000 shares for £9,820.

John Waddington—Britannic Assurance has increased its holding to 630,000 shares (10.07 per cent).

Investment Trust Corporation[illegible] Possfund Assets has increased its ordinary holding to [illegible] per cent and the PFCE interest to [illegible] per cent.

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CURRENCY, MONEY and GOLD MARKETS

THE POUND SPOT

Aug. 21	Bank rate %	Day's Spread	Close
U.S. $	7¾	1.9190-1.9400	1.9280-1.9290
Canadian $	9	2.1930-2.2100	2.1945-2.1965
Guilder	4½	4.18-4.22	4.18½-4.19½
Belgian F.	6	60.65-61.20	60.70-60.80
Danish K	8	10.71-10.78	10.74-10.76
D-Mark	3	3.86-3.88½	3.86½-3.87½
Port. Esc.	18	86.50-88.50	87.50-88.00
Span. Pes.	8	143.60-144.69	145.65-145.85
Lira	11½	1,614-1,626	1,620-1,621½
Nrwgn. K.	7	10.18-10.24	10.20½-10.21½
French Fr.	9½	8.45-8.49	8.45½-8.46½
Swedish Kr.	6½	8.56-8.58	8.56½-8.57½
Yen	3½	368-374	371½-372½
Austria Sch	4½	27.25-28.00	27.85-27.95
Swiss Fr.	1	3.20-3.25	3.21-3.22

Belgian rate is for convertible francs. Financial franc 62.60-62.70.

FORWARD AGAINST £

One month	% p.a.	Three months	% p.a.
0.50-0.40c.pm	2.49	1.25-1.15c.pm	2.49
0.48-0.58c.pm	2.35	1.30-1.20c.pm	2.28
2¾-1¾ c.pm	6.46	6½-5½c.pm	5.75
12-2 c.pm	1.38	35-20 c. pm	1.81
2-4 ore dis	−3.35	6-7½ ore dis	−2.89
3½-2½ pf pm	8.15	8-7 pf pm	8.12
90-197 c.dis	−16.46	200-600 c. dis	−14.63
50c pm-50 c.dis	7.57	100-200 c. dis	0.55
5½-5½ lire dis	−3.72	12-15 lire dis	−3.35
2½-1½ ore pm	0.59	2½-½ ore pm	−0.59
4½-1½ c.pm	2.74	4½-3½ c. pm	1.67
3-1 ore pm	1.76	6½-5½ ore pm	2.34
3.40-3.05 y pm	11.56	8.70-8.50y pm	9.19
20-10 gro pm	6.50	57-27 gro pm	5.05
5½-2½ c.pm	11.52	9-8 c. pm	10.69

Six-month forward dollar 2.32-2.17c pm. 12-month 4.40-4.30c pm.

THE DOLLAR SPOT

August 21	Day's spread	Close
Canad'n $*	0.8783-0.8791	0.8788-0.8791
Guilder	2.1675-2.1760	2.1740-2.1760
Belgian Fr	31.48-31.56	31.54-31.56
Danish Kr	5.5430-5.5775	5.5750-5.5775
D-Mark	1.9995-2.0100	2.0085-2.0100
Port. Es	—	45.55-45.80
Lira	837.00-841.15	840.85-841.15
Nrwgn. Kr	5.2740-5.2940	5.2815-5.2835
French Fr	4.3610-4.4040	4.3990-4.4040
Swedish Kr	4.4315-4.4525	4.4505-4.4525
Yen	190.55-193.80	192.70-193.00
Austria Sch	—	14.3350-14.3450
Swiss Fr	1.6575-1.6730	1.6710-1.6730

* U.S. cents per Canadian $.

FORWARD AGAINST $

One month	% p.a.	Three months	% p.a.
0.05-0.03c dis	−0.58	0.07-0.04c dis	−0.24
0.73-0.68c pm	3.48	1.78-1.73c pm	3.11
0.06-0.10c dis	−0.88	0.03-0.08c dis	−0.37
—		—	
0.97-0.92pf pm	5.26	2.77-2.72pf pm	5.37
—		—	
4.10-4.50lire dis	−5.86	12.25-13lire dis	−6.06
—		—	
0.03-0.13c dis	−0.25	0.53-0.68c dis	−0.53
—		—	
1.30-1.15y pm	7.02	3.30-3.15y pm	6.55
—		—	
1.22-1.18c pm	7.73	3.45-3.39c pm	7.90

CURRENCY MOVEMENTS

August 21	Bank of England Index	Morgan Guaranty changes %
Sterling	62.29	−41.8
U.S. dollar	84.82	−8.9
Canadian dollar	83.00	−14.4
Austrian schilling	140.40	+17.8
Belgian franc	111.04	+12.4
Danish krone	112.73	+3.4
Deutsche Mark	141.38	+36.2
Swiss franc	199.81	+91.4
Guilder	119.92	+17.4
French franc	99.66	−4.3
Lira	55.83	−46.9
Yen	152.97	+49.9

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

August 18	Special Drawing Rights	European Unit of Account
Sterling	0.653304	0.665783
U.S. dollar	1.27998	1.30635
Canadian dollar	1.45739	1.48884
Austrian schilling	18.1181	18.5073
Belgian franc	39.5770	40.3922
Danish krone	6.98549	7.12434
Deutsche Mark	2.51516	2.56656
Guilder	2.72388	2.77948
French franc	5.52123	5.61368
Lira	1062.10	1082.53
Yen	237.308	243.034
Norwegian krone	6.65590	6.77153
Peseta	94.9732	96.8870
Swedish krona	—	5.72655
Swiss franc	2.06653	2.10267

OTHER MARKETS

Aug. 21	£	$		£ Note Rates
Argentina Peso	1,574-1,578	816.17-818.25	Austria	27.50-28.30
Australia Dollar	1.678-1.6840	0.8701-0.8732	Belgium	61½-62½
Finland Markka	7.89-7.90	4.0690-4.0710	Denmark	10.60-10.75
Brazil Cruzeiro	35.35-36.35	18.149-18.489	France	8.35-8.45
Greece Drachma	71.147-72.889	36.892-37.796	Germany	3.80-3.90
Hong Kong Dollar	9.0025-9.0325	4.668-4.684	Italy	1580-1610
Iran Rial	133-139	68.960-72.077	Japan	362-372
Kuwait Dinar (KD)	0.529-0.539	0.2743-0.2795	Netherland	4.13-4.23
Luxembourg Franc	60.70-60.80	31.475-31.527	Norway	10.13-10.23
Malaysia Dollar	4.46½-4.47¼	2.3020-2.4000	Portugal	82-89
New Zealand Dollar	1.8300-1.8370	0.9490-0.9526	Spain	144½-148
Saudi Arabia Riyal	6.43-6.53	3.33-3.39	Switzerland	3.10-3.20
Singapore Dollar	4.3580-4.3760	2.2570-2.2590	United States	1.9800-1.9925
South African Rand	1.6632-1.6890	0.8624-0.8758	Yugoslavia	37.00-40.00

Rate given for Argentina is free rate.

Dollar retreats at the close

The rise in the U.S. discount rate before the weekend continued to help the dollar yesterday, but by the end of the day sentiment had changed and the U.S. currency was being sold against all major units. Anticipation of further moves to support the dollar, pushed the currency to a best level of DM 2.0200 against the D-mark, but it closed at DM 2.0050, little changed from the opening rate, although still firmer than the DM 1.9910 closing level on Friday. In terms of the Swiss franc the dollar rose to SwFr 1.6830, but it closed at SwFr 1.6675, compared with SwFr 1.6375 before the weekend. The U.S. currency also rose to Y193.50 against the yen, before finishing at Y192.90, compared with Y188.50 on Friday.

The dollar's trade-weighted depreciation since the Washington currency agreement, as calculated by Morgan Guaranty of New York, narrowed to 8.9 per cent from 9.7 per cent.

Sterling's trade-weighted index, on Bank of England figures, was unchanged at 62.3, after standing at 62.3 at noon and 62.4 in early trading. The pound opened at $1.9375 in terms of the dollar, and lost ground as the dollar improved, touching $1.9190-1.9200 in the afternoon. Sterling's decline was rather more pronounced than most other currencies, however, but towards the close it picked up once again as the dollar fell. The pound closed at $1.9280-1.9290, a fall of 1.45 cents on the day.

Forward sterling was slightly firmer, however, with the three-month discount against the dollar narrowing to 1.20 cents from 1.27 cents.

PARIS—The dollar lost ground in late trading, following a sharp rise earlier in the day. Trading was described as "agitated" with the U.S. currency moving between FFr 4.3650 and FFr 4.4230, before it closed at FFr 4.3925, compared with FFr 4.4120 at the fixing, and FFr 4.3175 late Friday. The D-mark rose to FFr 2.1850 against the franc from FFr 2.1810, but the Swiss franc declined to FFr 2.6275 from FFr 2.6525, while sterling shed a few points to FFr 8.4625, from FFr 8.4890 at the fixing, but was slightly firmer than the FFr 8.4175 on Friday. The yen was slightly weaker against the French currency.

FRANKFURT—The Bundesbank did not intervene as the dollar climbed back above the DM2.0 level against the D-mark at yesterday's fixing. The U.S. currency stood at DM2.0180, compared with DM1.9650 on Friday. This was the highest fixing level for the dollar since August 4. Trading was moderate and nervous, but not hectic, throughout the morning, with the market unwilling to be too short of dollars in such uncertain conditions. Bundesbank D-mark index was 146.7, against 147.5 Friday.

AMSTERDAM—The dollar was fixed at Fl2.1800, compared with Fl2.1280 before the weekend. Early trading was in the region of Fl2.1690.

ZURICH—Trading was fairly quiet as the market awaits further measures to support the dollar by the U.S. Administration. The rise of ½ per cent in the discount rate by the Federal Reserve last Friday pushed the U.S. currency up against all major currencies, and by mid-morning the dollar was quoted at SwFr 1.6755 against the Swiss franc, compared with an early rate of SwFr 1.6590, and SwFr 1.6345 late on Friday.

MILAN—The dollar rose sharply against the lira to L837 in the morning, compared with Friday's fixing of L829.05, while the Swiss franc dropped from its record high level in terms of the lira, falling to L506.30 from L516.25. By yesterday's fixing the dollar had continued to improve to L841.30.

TOKYO—The dollar improved to Y190.15 against the yen, from an opening level of Y189.99, and from a close of Y186.02½ on Friday. The rise in the U.S. discount rate, and anticipation of further moves by the Federal Reserve to help the dollar, pushed the U.S. currency up to a best point of Y190.50, after touching a low level of Y188.60. Spot trading totalled $585m, while forward and swap volume was $507m.

EXCHANGE CROSS-RATES

Aug. 21	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Frank	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgium Franc
Pound Sterling	1.	1.929	3.868	372.0	8.461	3.215	4.188	1621.	2.196	60.75
U.S. Dollar	0.519	1.	2.005	192.9	4.387	1.667	2.171	840.4	1.138	31.50
Deutsche Mark	0.259	0.499	1.	96.19	2.187	0.831	1.083	419.1	0.568	15.71
Japanese Yen 1,000	2.688	5.184	10.40	1000.	22.74	8.642	11.26	4357	5.902	163.3
French Franc 10	1.182	2.280	4.572	439.7	10.	3.800	4.950	1916	2.595	71.91
Swiss Franc	0.311	0.600	1.203	115.7	2.631	1.	1.302	504.1	0.683	18.90
Dutch Guilder	0.239	0.461	0.924	88.84	2.020	0.768	1.	387.0	0.524	14.51
Italian Lira 1,000	0.617	1.190	2.386	229.5	5.220	1.984	2.584	1000.	1.355	37.48
Canadian Dollar	0.455	0.878	1.762	169.4	3.853	1.464	1.907	738.2	1.	27.67
Belgian Franc 100	1.646	3.174	6.366	612.3	13.93	5.292	6.893	2668	3.614	100.

EURO-CURRENCY INTEREST RATES*

Aug. 21	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	8½-9½	8½-9¼	8-8¼	5-5½	¼-½	3⅛-3⅜	7⅝-7⅝	12-15	—	1⅛-3⅛
7 days' notice	10-11	8¼-9¼	8-8¼	5⅛-5⅜	¼-½	3⅛-3⅜	7⅞-8⅛	12½-14½	8⅛-8¼	−⅛-1⅞
Month	10⅜-11	8⅞-8⅞	8¼-8½	5⅛-5⅛	[illegible]	3⅛-3⅜	8¾-9	13-14	[illegible]	1¼-1⅝
Three months	11¼-11½	8⅞-9⅛	8¾-9	5⅝-5⅞	[illegible]	3⅝-3⅞	9⅛-9⅜	13½-14½	[illegible]	1⅞-2¼
Six months	11⅞-11⅞	8⅞-9⅛	9-9¼	5⅞-6⅛	[illegible]	[illegible]	[illegible]	14-15	9⅛-9⅜	2⅛-2⅜
One year	11⅝-11⅞	9⅛-9⅜	9⅛-9⅜	5⅛-5⅜	1⅛-1⅜	3⅞-4	10⅛-10⅝	14½-15½	9⅛-9¼	2½-2⅞

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.25-8.35 per cent; three months 8.40-8.50 per cent; six months 8.75-8.85 per cent; one year 8.95-9.05 per cent.

Long-term Eurodollar deposits: two years 9¼-9⅜ per cent; three years 9⁵⁄₁₆-9⁷⁄₁₆ per cent; four years 9½-9⅝ per cent; five years 9½-9⅝ per cent nominal closing rates.

Short-term rates are call for Sterling, U.S. dollars and Canadian dollars: two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

GOLD

Further fall

Gold fell quite sharply as the dollar gained ground yesterday. The metal opened at $205-205½ and fell to a low point of $204-204½, after a morning fixing of $205.15 (£106.065). The afternoon fix was at $204.90 (£106.193), and by the close gold had improved to $205½-206, but still a fall of $4½ from Friday.

In Paris the 12½ kilo gold bar fixed at FFr 28,850 per kilo ($203.15 per ounce) yesterday afternoon, compared with FFr 28,900 (203.45) in the morning, and FFr 28,900 ($206.73) Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 13,230 per kilo ($204.41 per ounce), compared with DM 13,435 ($212.30) on Friday.

	Aug. 21	Aug. 18
Gold Bullion (a fine ounce)		
Close	$205½-206	$210-210½
Opening	$205-205½	$211½-212½
Morning fixing	$205.15 (£106.065)	$212.75 (£109.628)
Afternoon fixing	$204.9 (£106.193)	$211.75 (£108.506)
Gold Coins domestically		
Krugerrand	$211-213 (£109½-110½)	$217½-219½ (£112-113½)
New Sovereigns	$57½-59½ (£29½-30½)	$58½-60½ (£30-31)
Old Sovereigns	$59½-61½ (£30½-31½)	$59½-61½ (£30½-31½)
Gold Coins internationally		
Krugerrand	$212½-212½ (£109½-110)	$217½-219½ (£111½-112½)
New Sovereigns	$57½-59½ (£29½-30½)	$58½-60½ (£30-31)
Old Sovereigns	$58½-60½ (£30½-31½)	$59½-61½ (£30½-31½)
$20 Eagles	$301½-304	$307-310
$10 Eagles	162-167	$160-165
$5 Eagles	112-117	$112-117

INTERNATIONAL MONEY MARKET

U.S. Fed funds firmer

Federal funds were quoted at around 8⅜ per cent in early New York trading yesterday, with no sign of intervention by the Federal Reserve, although it was too early to say whether the Fed's target rate has been lifted to 8⅜ per cent or 8¼ per cent. This follows the rise of ½ per cent to 7¾ per cent in the U.S. discount rate on Friday, although the overall trend in early money rates yesterday was slightly easier.

Treasury bill rates tended to decline from late levels on Friday, with 13-week bills at 7.26 per cent compared with 7.28 per cent; 26-week bills at 7.47 per cent, compared with 7.48 per cent; and one-year at 7.86 per cent, compared with 7.90 per cent.

AMSTERDAM—Money market rates fell sharply, with call money falling to 2¼-3¼ per cent from 5½-5¾ per cent. One-month funds dropped to 5-5½ per cent from 6-6½ per cent; three-month to 5¾-6 per cent from 6¾-7 per cent; and six-month to 6¼-6½ per cent from 7-7¼ per cent.

PARIS—Day-to-day money was slightly easier in the money market, falling to 7⅛ per cent from 7¼ per cent on Friday. Other rates showed little change, with one-month unchanged at 7⁷⁄₁₆-7⁹⁄₁₆ per cent; three-month unchanged at 7½-7⅝ per cent; six-month down ⅛ per cent to 7⁹⁄₁₆-7¹¹⁄₁₆ per cent; and 12-month unchanged at 8⅛-8⅜ per cent.

FRANKFURT—Call money was a little firmer at 3.2 per cent, compared with 3.1 per cent before the weekend. Period rates were unchanged at 3.45 per cent for one-month; 3.65 per cent for three-month; and 4 per cent for six-month.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were generally lower, with one-month falling ½ per cent to 6¾-7 per cent; three-month easing ⅛ per cent to 7⅛-7⅜ per cent; and six-month also falling ⅛ per cent to 7¼-7½ per cent. The 12-month rate was steady at 7⅝-7⅞ per cent. Call money was unchanged at 6 per cent.

HONG KONG — The money market was easy, with call money at 4½ per cent, compared with 4¾ per cent on Friday.

UK MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Day-to-Day credit was in slightly short supply in the London money market yesterday, and the authorities gave a moderate amount of assistance by buying a moderate number of Treasury bills from the discount houses, and a small amount of local authority bills.

Banks brought forward small surplus balances from Friday, and the market was also helped by a small drop in the note circulation.

On the other hand there was a net market take-up of Treasury bills to finance, a moderate excess of revenue payments to the Exchequer over Government disbursements, and resale to the market of bills bought previously by the authorities on a repurchase basis.

Discount houses paid 8¼-8½ per cent for secured call funds, and closing balances were taken at 8-8½ per cent.

In the interbank market overnight loans opened at 8¾-8⅞ per cent, and eased to 8-8¼ per cent, before rising slightly to 8¼-8½ per cent by lunch time. In the afternoon rates eased to 8-8¼ per cent, before rising to 8¼-8¾ per cent, and closing at 8-8½ per cent.

Rates in the table below are nominal in some cases.

MONEY RATES

NEW YORK

Prime Rate	9
Fed Funds	8.1875
Treasury Bills (13-week)	7.26
Treasury Bills (26-week)	7.47

GERMANY

Discount Rate	3
Overnight	3.2
One month	3.45
Three months	3.65
Six months	4

FRANCE

Discount Rate	9.5
Overnight	7.25
One month	7.375
Three months	7.5625
Six months	7.875

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.375
Bills Discount Rate	4.75

LONDON MONEY RATES

Aug. 21 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	8-8¾	—	—	—	8¾-8⅞	8-8¾	—	—	—
2 days notice	—	—	8⅞-9	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9¼	—	—	—	—
7 days notice	—	8¾-9⅛	9-9¼	—	9⅛	—	8⅝-8⅞	—	—	—
One month	9⅛	9⅛-9¼	9-9⅛	9¾-10¼	9¾	9½	8⅞-9	8⅝-8⅞	9¼	9⅞
Two months	9⅜-9¼	9¼-9⅜	—	9⅛-9½	9⅞	—	9	8⅞-8⅞	9	9⅞
Three months	9⅛-9⅜	9½-9⅝	9½-9⅝	9⅛-9½	10	9⅝	9	8⅞-8⅞	8⅞-9⅛	9⅞
Six months	9⅝-9⅞	9⅝-9¾	9¼-9½	8⅞-9½	10⅛	—	—	—	9⅝	10⅛
Nine months	9⅝-9⅞	9⅝-9⅞	—	9⅝-9⅝	10¼	—	—	—	—	—
One year	9¾-9⅞	9¾-9⅞	9¾	9⅝-9⅞	10½	—	—	—	—	—
Two years	—	—	10½	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. * Longer-term local authority mortgage rate nominally three years 11-11¼ per cent; four years 11½ per cent; five years 11¾-12 per cent. ♦ Bank bill rates in table are buying rate for prime paper. Buying rates for four-month bank bills 8⅞-8¹⁵⁄₁₆ per cent; four-month trade bills 10½ per cent.

Approximate selling rates for one-month Treasury bills 8¼-8⁷⁄₃₂ per cent; and two-month 8¹¹⁄₁₆ per cent; and three-month 8¹³⁄₁₆-8⅞. Approximate selling rate for one-month bank bills 9¼-9⁹⁄₃₂ per cent; two-month 9⁵⁄₃₂ per cent; and three-month 9³⁄₁₆-9⁷⁄₃₂ per cent. One-month trade bills 9¾ per cent; two-month 9¾ per cent; and also three-month 9⅞ per cent.

Finance House Base Rates (published by the Finance Houses Association) 10½ per cent from August 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 6-7 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 8.9002 per cent.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on August 21, 1978. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (exC) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit		Value of £ Sterling
Afghanistan	Afghani	81.00
Albania	Lek	9.8456
Algeria	Dinar	7.6515
Andorra	French Franc	8.46
	Spanish Peseta	145.75
Angola	Kwanza	n.a
Antigua (S)	E. Caribbean $	5.2118
Argentina	Ar. Peso Free Rt	1,576
Australia (S)	Australian $	1.6810
Austria	Schilling	27.90
Azores	Portug. Escudo	87.75
Bahamas (S)	Ba. Dollar	1.9285
Bangladesh (S)	Taka	27.84(sg)
Bahrain (S)	Dinar	0.750
Balearic Isles	Spa. Peseta	145.75
Barbados (S)	Barbados $ ††	3.857
Belgium	B. Franc	(cm) 60.75
		(fn) 62.65
Belize	B $	3.857
Benin	C.F.A. Franc	425
Bermuda (S)	Bda. $	1.9285
Bhutan	Indian Rupee	15.68(sg)
Bolivia	Bolivian Peso	38.57
Botswana (S)	Pula	1.5871
Brazil	Cruzeiro ::	35.85
Br. Virgin Is (S)	U.S. $	1.9285
Brunei (S)	Brunei $	4.5670
Bulgaria	Lev	1.6561
Burma	Kyat	13.126
Burundi	Burundi Franc	175.42
Cameroon Rp	C.F.A. Franc	425
Canada	Canadian $	2.1955
Canary Isles	Spanish Peseta	145.75
Cape Verde I.	Cape V. Escudo	87.75
Cayman Is (S)	Cay. I. $	1.6071
Cent. Af. Rp.	C.F.A. Franc	425
Chad	C.F.A. Franc	425
Chile	C. Peso	(Bk) 61.88
China	Renminbi Yuan	3.5021
Colombia	C. Peso	(F) 74.69
Comoro Is.	C.F.A. Franc	425
Congo (B'ille)	C.F.A. Franc	425
Costa Rica	Colon	15.8711
Cuba	Cuban Peso	1.4378
Cyprus (S)	Cyprus £	0.7125
Czechoslovakia	Koruna	(com) 10.50
		(nc) 20.50
		(T) 17.64
Denmark	Danish Krone	10.74½
Djibouti	Fr.	320.0
Dominica (S)	E. Caribbean $	5.2118
Domin. Rep.	Dominican Peso	1.9285
Ecuador	Sucre	(O) 47.85
		(F) 52.24
Egypt	Egyptian £	(O) 0.7525
		(T) 1.346
Ethiopia	Ethiopian Birr	(P) 3.9966
Eq'l Guinea	Peseta	145.75
Falkland Is. (S)	Falkland Is. £	1.0
Faro Is.	Danish Krone	10.745
Fiji Is.	Fiji $	1.5875
Finland	Markka	7.835
France	French Franc	8.46
Fr. C'ty in Af.	C.F.A. Franc	425
Fr. Guiana	Local Franc	8.46
Fr. Pac. Is.	C.F.P. Franc	153.82
Gabon	C.F.A. Franc	425
Gambia (S)	Dalasi	3.8592
Germany (East)	Ostmark	3.86½
Germany (West)	Deutsch Mark	3.86½
Ghana (S)	Cedi	5.10(sg)
Gibraltar (S)	Gibraltar £	1.00
Gilbert Is.	Aust. Dollar	1.6810
Greece	Drachma	72.018
Greenland	Danish Kroner	10.745
Grenada (S)	E. Caribbean $	5.2118
Guadaloupe	Local Franc	8.46
Guam	U.S. $	1.9285
Guatemala	Quetzal	1.9285
Guinea Rep.	Syli	36.503
Guinea Bissau	Peso	65.902
Guyana (S)	Guyanese $	4.9177
Haiti	Gourde	9.6425
Honduras Rep	Lempira	3.87
Hong Kong (S)	H.K. $	9.0175
Hungary	Forint	(com) 72.66
		(T)(nc) 38.35
Iceland (S)	I. Krona	500.5
India (S)	Ind. Rupee	15.58
Indonesia	Rupiah	800.327
Iran	Rial	136.0
Iraq	Iraq Dinar	0.5721
Irish Rep (k)	Irish £	1.00
Israel	Israel £	33.80
Italy	Lira	1,620¾
Ivory Coast	C.F.A. Frank	425
Jamaica (S)	Jamaica Dollar	3.0794
Japan	Yen	372
Jordan (S)	Jordan Dinar	0.575
Kampuchea	Riel	2.314
Kenya (S)	Kenya Shilling	14.62
Korea (Nth)	Won	1.7216(ll)
Korea (Sth)	Won	941.36
Kuwait (S)	Kuwait Dinar	0.529
Laos	Kip Pot Po	771.40
Lebanon	Lebanese £	5.6025
Lesotho	S. African Rand	1.676119
Liberia	Liberian $	1.9285
Libya	Libyan Dinar	0.5709
Liechtenstein	Swiss Franc	3.21½
Luxembourg	Lux Franc	60.75
Macao	Pataca	9.715
Madeira	Portug'se Escudo	87.75
Malagasy Rp.	MG Franc	425
Malawi (S)	Kwacha	1.5997
Malaysia (S)	Ringgit	4.45375
Maldive Is (S)	Mal Rupee	7.5796
Mali Rp.	Mali Franc	848
Malta (S)	Maltese £	0.7420
Martinique	Local Franc	8.46
Mauritania	Ouguiya ‡	81.915
Mauritius (S)	M. Rupee	11.554
Mexico	Mexican Peso	43.98
Miquelon	C.F.A. Franc	425
Monaco	French Franc	8.46
Mongolia	Tugrik	(O) 5.7565(ll)
Montserrat	E. Caribbean $	5.2118
Morocco	Dirham	7.75(sg)
Mozambique	Moz. Escudo	64.9257
Nauru Is.	Aust. Dollar	1.6810
Nepal	Nepalese Rupee	23.142
Netherlands	Guilder	4.18¾
Neth. Ant'les	Antillian Guild.	3.4520
New Hebrides	Franc	156.675
	Aust. Dollar	1.6810
N. Zealand (S)	N.Z. Dollar	1.8336
Nicaragua	Cordoba	13.52
Niger Rp.	C.F.A. Franc	425
Nigeria (S)	Naira	1.22982(sg)
Norway	Nrwg. Krone	10.20¾
Oman Sultanate of (S)	Rial Omani	0.668
Pakistan	Pkst. Rupee	19.14(sg)
Panama	Balboa	1.9285
Papua N.G. (S)	Kina	1.3510
Paraguay	Guarani	240.11
P'pl's D. Rp of Yemen (S)	S. Yemen Dinar	(A) 0.6586
Peru	Sol	(exc A) 296.68
Philippines	Ph. peso	14.194
Pitcairn Is. (S)	£ Sterling / New Zealand $	1.8335
Poland	Zloty	(Cm) 62.40
		(T) 62.40
Portugal	Pgse. Escudo	87.75
Port Timor	Timor Escudo	87.75
Principe Isle	Pgse. Escudo	87.75
Puerto Rico	U.S. $	1.9285
Qatar (S)	Qatar Ryal	7.50
Reunion Ile de la	French Franc	8.46
Rhodesia	Rhodesian $	1.5574
Romania	Leu	(cm) 8.49
		(n.c.) 22.79
Rwanda	Rwanda Franc	179.49
St. Christopher (S)	E. Caribbean $	5.2118
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	5.2118
St. Pierre	C.F.A. Franc	425
St. Vincent (S)	E. Caribbean $	5.2118
Salvador El	Colon	4.81½
Samoa (Am.)	U.S. $	1.9285
San Marino	Italian Lire	1,620¾
Sao Tome	Pgse. Escudo	87.75
Saudi Arabia	Ryal	6.43
Senegal	C.F.A. Franc	425
Seychelles	S. Rupee	15.68
Sierra Leone (S)	Leone	2.0
Singapore (S)	Singapore $	4.3670
Solomon Is (S)	Solomon Is. $	1.6810
Somali Rep.	Som Shilling	(A) 12.1590
Sth. African	Rand	1.676119
S. W. African Territories (S)	S. A. Rand	1.676119
Spain	Peseta	145.75
Span. Ports in N. Africa	Peseta	145.75
Sri Lanka (S)	S. L. Rupee	30.09
Sudan Rp	Sudan £	(A) 0.7714
Surinam	S. Guilder	3.452
Swaziland (S)	Lilangeni	1.676119
Sweden	S. Krona	8.57
Switzerland	Swiss Franc	3.21½
Syria	Syria £	(A) 7.569
Taiwan	New Taiwan	(P) 69.426
Tanzania (S)	Tan. Shilling	14.615
Thailand	Baht	38.80(sg)
Togo Rp	C.F.A. Franc	425
Tonga Is (S)	Pa'anga	1.3642
Trinidad (S)	Trin. & Tobago	4.628
Tunisia	Tunisian Dinar	0.761(sg)
Turkey	Turkish Lira	47.57
Turks & C'cos	U.S. $	1.9285
Tuvalu	Australian £	1.6810
Uganda (S)	Ug. Shilling	14.25
United States	U.S. Dollar	1.9285
Uruguay	Uruguay Peso	(com) 12.25
		(fn) 12.51
Utd. A'b Emts.	U.A.E. Dirham	7.50
U.S.S.R.	Rouble	1.29
Upper Volta	C.F.A. Franc	425
Vatican	Italian Lire	1,620¾
Venezuela	Bolivar	8.26
Vietnam (Nth)	Dong	(O) 4.5186
		(T) 4.2047
Vietnam (Sth)	Piastre	5.5705
Virgin Is. U.S.	U.S. Dollar	1.9285
Western Samoa (S)	Samoan Tala	1.1526
Yemen	Ryal	8.74(sg)
Yugoslavia	New Y Dinar	38.3668
Zaire Rp	Zaire	1.53049
Zambia	Kwacha	1.5650

* That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.
† Rupees per pound.
‡ The Auguya has replaced the CFA franc. The exchange was made at a rate of CFA Fr 5 to one unit of the new currency.
§ General rates of oil and iron exports 80.997.
‖ Based on cross rates against Russian rouble.
** Rate is the Transfer market (controlled).
†† Rate is now based on 2 Barbados $ to the dollar.
:: Now one official rate.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

A boom year for U.S. airlines

BY JOHN WYLES IN NEW YORK

TIME MAGAZINE recently encapsulated this year's airline travel phenomenon with an illustration of a flying sardine can. To have been complete, however, the picture would have needed a heavy rainfall of dollars, because the extraordinary 16 per cent growth in passenger traffic in the first-half of this year has taken the profits of the 11 major trunk airlines to a level which would have been considered stratospheric a few years ago.

Only Northwest Airlines, which until this week was virtually paralysed by a 108 day pilots strike, has failed to show a spectacular gain over last year's second quarter earnings. At Pan American Airways, for example, net income was 193 per cent higher than last year, at TWA 97.6 per cent, at American 39.2 per cent, and at United Airlines 24.5 per cent.

Because these gains were achieved during a quarter when discount fares were more widely available than ever before, they raise the intriguing question of the responsibility of cut price tickets for the pot of gold seemingly awaiting most airlines at the end of their current financial year.

Analysts' projections for the 11 airlines far outstrip their record aggregate earnings last year of $611m. With the results of the peak summer months still to come, profit estimates range from $800m to $950m. But such is the uncertainty that one analyst whispered, "it could be a billion dollars if they carry on like this."

The importance of discount fares to this profits windfall cannot be gauged with any precision because several factors have been at work to encourage more members of the travelling public to take to the air than ever before. The airlines acknowledge that cheap fares have obviously played a major role, but so has the fact that consumer spending has been running at record levels this year.

The picture is further clouded by the impossibility of judging just how many passengers who might normally have bought a scheduled ticket switched to a discount fare.

For many airlines and travel agents, it has seemed at times as though all of America is taking to the air. Coping with the new demand has meant significant extra costs for the airlines, which have been forced to take on hundreds of new staff

For many airlines and travel agents, it has seemed at times as though all of America is taking to the air. Although there have been no domestic equivalents of the passenger encampments in the UK at Gatwick, Heathrow and Victoria, load factors on many routes have been at 70 per cent and above for several days of the week. Coping with the new demand has meant significant extra costs for the airlines which have been forced to take on hundreds of new staff. Passengers and travel agents alike have complained of the complexity of the new fares, many of which are hedged around with conditions and are available at particular times on specified days.

Significantly, TWA decided last week that enough was enough and asked the Civil Aeronautics Board for permission to eliminate 18 different types of discount fares which, it says, account for less than 5 per cent of its traffic and whose disappearance would reduce the waiting time for telephone reservations. TWA is quick to point out that it is not scrapping the largest discounts—the super savers which cut 45 per cent off scheduled fares—but merely those which have not been in great demand.

One view of the future is that on domestic routes the availability of discount fares will be steadily reduced over the next two or three years. "To expect otherwise would presume ineptness of the industry in its marketing approach," says Mr. Bob J. Joedicke, airline analyst with Lehman Brothers Kuhn Loeb. He and others argue that with no significant additions to airline capacity projected for the next four years or so, the laws of supply and demand will come to prevail so that cut price fares will be employed as a tool to even out the peaks and troughs of passenger demand.

But Mr. John Heilner, vice-president of pricing at TWA, believes the airlines may not have that much pricing freedom. He points out that while airline fleets may not be yet due for great expansion, carriers are putting more seats into many of their aircraft with the kind of result that United Airlines has increased its transcontinental capacity by 25 per cent this summer. Moreover, the move towards airline deregulation through the Bill currently before Congress and the increasingly liberal policies of the CAB will lead more airlines into competing on each other's established routes.

On the evidence of this year, of course, it does not look as though the competitive winds will be too chill. But it is estimated that the airlines will have to find about $60bn for new aircraft purchases by the end of the next decade, and attempts to regroup and prepare for the freer operating environment can already be seen. Continental and Western Airlines are already discussing a merger, North Central and Southern Airlines have applied for permission to merge, and Texas International Airlines, which claims that it almost invented the cheap fare, wants to acquire National. These moves pose a problem for the CAB since virtually all previous airline mergers have involved at least one partner who was close to bankruptcy. None of these airlines have such problems but all, excluding National, would prefer to be in combination as they go down the road towards deregulation.

General Mills sees record earnings

MINNEAPOLIS, August 21.

GENERAL MILLS, the food, clothing and toys group, reiterated a forecast of record sales and earnings in fiscal 1979 and says it expects the strongest gains in the second quarter.

In last year's second quarter ended November 27, 1977, the company earned 88 cents a share from continuing operations on sales of $928.9m.

General Mills also says in its latest annual report that it has budgeted for a 20 per cent increase in fiscal 1979 gross capital expenditures to about $165m.

Of this year's outlays, all to be financed internally, about 50 per cent is allocated for food processing, 25 per cent for restaurants and the balance for other consumer businesses and corporate items.

The company said it plans to open 47 new restaurants and expand or remodel about 17 Red Lobster inns in fiscal 1979. It had 312 company-owned restaurants in operation at the end of 1978.

General Mills said advertising expenditures rose 17.3 per cent to $179.5m and research and development outlays increased 18.2 per cent to $30.5m in the year ended May 28 last.

Reuter

Sharp decline in first half earnings at BASF

BY GUY HAWTIN

FRANKFURT, August 21.

BASF, the second of the West German chemicals industry "big three" to report on the first half of 1978, has seen no real signs of improvement in the industry's prospects. Although, like Hoechst, things went a little better for BASF in the second quarter, the tone of the BASF report is rather more gloomy than that of its competitor.

The group, which is the most domestically orientated of the "big three" in terms of capital investment, saw turnover fall to just under the level of the opening six months of 1977. It was down 1.1 per cent from DM 10.74bn to DM 10.63bn ($5.27bn).

Earnings, on the other hand, fell heavily. Pre-tax profits dropped by 19.3 per cent from DM 664m in the first half of 1977 to DM 536m. Capital investment rose by 11.7 per cent from DM 709m to DM 792m.

According to the interim report, a small improvement in domestic business and operations outside Europe in the second quarter virtually offset the first quarter's sales decline. Group earnings were naturally hit by the weak levels of overall demand, although domestic earnings improved—despite falling prices—as a result of increased volume at home.

The parent concern, BASF AG, saw overall turnover decline rather more steeply than that of the group. It went down from just under DM 5bn in the comparable period of last year to DM 4.8bn—a fall of 3.7 per cent.

Domestic sales declined most steeply, falling by 5.9 per cent from DM 2.22bn to DM 2.09bn. Foreign sales fell back by 2 per cent from DM 2.78bn to DM 2.72bn. Pre-tax earning were down a full 13.6 per cent from DM 382m to DM 330m.

As with the group, a second half upturn in the parent company's sales, to a level higher than in the comparable period of 1977, did much to offset the first half's disappointing performance. This was also reflected in earnings. Second quarter profits were up on those of the same period of last year, and helped to mitigate the first quarter's earnings decline.

This improvement on the profits front was a result of a periodic operational earnings and temporary improvements in the currency situation. Although sales results continued downwards during the period, there were signs of a stabilisation in certain areas.

Utilisation of production capacity lay slightly under that of the same period of 1977. Capital investment went ahead at planned levels, rising by 12.8 per cent from DM 400m to DM 451m. The order situation was such that no meaningful improvement in business could be foreseen, the report said.

Satisfactory progress for Kuehne and Nagel

BY JOHN WICKS

ZURICH, August 21.

GROUP SALES of the international forwarding concern Kuehne and Nagel totalled SwFr 2.71bn last year. This is below that of SwFr 2.98bn recorded for 1976, partly because of the sale of a participation in another company in that year and partly because of the rise of the Swiss franc. The group's parent company is the Swiss-based Kuehne and Nagel International AG.

Despite the absolute fall in consolidated turnover and a decline in net profits of the holding company from SwFr 5.29m to SwFr 1.22m ($753,000), the family-owned group is satisfied with last year's progress. In terms of local currencies, there was a real growth of 8 per cent over 1976 figures.

Kuehne and Nagel, whose major national market is West Germany, records 70 per cent of

Although the exchange-rate losses caused by the continued appreciation of the Swiss franc look like increasing in 1978, business as a whole is seen by the group as being certainly no worse than for last year, while Kuehne and Nagel is already looking optimistically towards 1979.

ESAB loss greater than forecast

By John Walker

STOCKHOLM, August 21.

ESAB, the Swedish welding equipment manufacturer, had a loss in the first half of this year larger than forecast.

The pre-tax loss for the first half was Skr 41m ($9.3m) compared with a pre-tax profit of Skr 8m in the first half of 1977.

At its board meeting held last February, the board recommended a cut in the dividend from Skr 9 to Skr7 per share, due to a sharp profits lump for 1977. Group sales for the whole of last year amounted to Skr 1.3bn.

The general downturn in the major sectors of industry and shipbuilding was one of the major factors in the concern's poor performance, and the outlook is not bright, the interim report suggests. The company does say that the second half will be no worse than the first half.

Sales during the first half of this year rose to Skr 685m ($156m) compared with Skr 602m in the same period in 1977. The order intake amounted to Skr 745m in the first half compared with Skr 631m

Slavenburg's Bank

SLAVENBURG'S Bank net profit rose 21 per cent to Fl 15.7m ($7.3m) in the first half of 1978, writes Charles Batchelor from Amsterdam. This was achieved on an increase of only five per cent in the Rotterdam-based bank's balance sheet total to Fl 7.81bn ($3.63bn) in the six months to the end of June.

New members for Progas consortium

By Robert Gibbens

MONTREAL, August 21.

THE CALGARY-BASED Progas consortium, which is rivalling the Foothills group of Alberta in plans to increase exports of surplus western Canadian gas to the U.S., has confirmed that several leading companies have joined.

The project co-ordinator of Progas is Mr. Vernon Horte, former president of Trans-Canada Pipelines and former head of the Gas Arctic Consortium backed by several major international oil companies and TCP, which unsuccessfully fought to get Alaskan gas moved to the Canadian-American border via a Mackenzie Valley pipeline.

The Progas participants now include Amoco Canada (Standard Indiana), Canadian Homestead, Canadian Superior, Chevron Standard, Dome Petroleum, Hudson's Bay Oil and Gas (Continental Oil), Noreen Energy, Numac Oil and Gas, Pancanadian Petroleum (Canadian Pacific) and Shell Canada.

Progas has invited "any interested producing company" to join. It wants to buy 500m cubic feet of gas daily for five years from producers whose supplies are not otherwise committed to export, and sell it to the U.S., using spare transmission capacity in the Transcanada pipeline system. The Foothills group has proposed exporting surplus western gas to the U.S. by prebuilding southern portions of the Alaska Highway systems.

Swiss bank bond issue

BY OUR OWN CORRESPONDENT

ZURICH, August 21.

FOR THE financing of longer-term business, the Zurich-based Bank Leu AG—the smallest of Switzerland's "big five"—is to issue SwFr 50m worth of 3½ per cent bonds from August 25 to August 31. The 10-year bonds will be offered at 101 per cent of face value.

Meanwhile, a Swiss bank consortium led by Swiss Bank Corporation, Basle, announced that the SwFr 250m borrowing by the World Bank, subscriptions for which closed at the end of last week, was very successful. Subscriptions exceeded the sum by a considerable amount so that bonds had to be rationed out

The 15-year bonds, which carried a coupon of 4½ per cent., were not subject to the 35 per cent limitation on non-resident investors' purchases.

EUROBONDS

Setback for UDS issue

BY FRANCIS GHILES

The bond markets were quiet yesterday. In the Deutsche-Mark sector, a DM 100m private placement was announced for Credit National: lead manager is Commerzbank and the indicated terms of this placement include a coupon of 5¾ per cent and an indicated pricing of 99½.

The secondary market was steady yesterday, with more buyers than sellers: the UDS bond, however, was faring less well, being quoted at 97—½ on the bid side.

In the domestic bond market, the Bundesbank only had to buy DM 8½m worth of bonds, less than on most days last week.

In the dollar sector, prices of straight bonds were a little easier, but floating rate notes held up better.

In the Swiss Franc sector, Brazil's Banco Nacional do Desenvolvimiento Economico is arranging a SwFr 75m 10-year bond with an indicated coupon of 5 per cent, through a group of banks led by Credit Suisse.

Lear Siegler bid for Cross

FRASER, August 21.

CROSS COMPANY, makers of automated metalworking machines, said it has received an offer from Lear Siegler to acquire a majority of its outstanding common shares in exchange for Lear Siegler common stock with a market value of $50 per Cross share, and to purchase the remaining Cross shares for $50 a share in cash.

The proposed transaction would have a value of more than $105m.

Earlier this month Cross and Kearney and Trecker, manufacturers of machining centres and milling machines, said they had agreed in principle to merge their operations

AP-DJ

Subaru shows rapid growth

BY JOHN WYLES

NEW YORK, August 21.

AN 80 per cent increase in net income over the nine-month period to July 31 on nearly double the sales volume is predicted by Subaru of America, the importer of small cars built by Fuji Heavy Industries of Japan.

Subaru's progress this year has been remarkable in the face of price increases forced on all Japanese car companies by the rise of the Yen against the Dollar. By the end of July, this had helped to reduce sales of the largest Japanese importer, Toyota, by 9.5 per cent and at Datsun by 8.4, but these losses have been substantially offset by sales gains at Subaru, and also Honda and Mazda.

Mr. Robert Reich, Subaru's treasurer and executive vice-president for finance, said that in the nine months an expanded product line will have helped take Subaru to an 80 per cent increase over last year's net income of $2.9m, or 48 cents a share. Sales in the third quarter ended July 31 could be "more than $110m" compared with $56.2m in the same period last year. Net income would be up to 115 per cent higher than in last year's quarter. He projected a 46 per cent rise in net income for fiscal 1978 over last year's $4.3m. He thought sales would be in the area of $400m compared with sales of $236.8m in 1977.

In the first seven months of this year, Subaru dealers have sold 57,496 models compared with 43,241, a 32 per cent gain. In the same period, Mazda sales have shot up 49.3 per cent and Honda's by 14.1 per cent. As a result, dealer sales of Japanese cars had fallen only 4.4 per cent by the end of July, despite a string of price increases.

The dollar/yen rate instability is increasing the pressure on the major Japanese manufacturers to build assembly plants in the U.S., but at the moment Honda is the only one with reasonably firm plans. A team from Nissan, which manufactures Datsun cars, has been carrying out a feasibility study but no decision has yet been announced.

INTL. FINANCIAL AND COMPANY NEWS

Five Boussac factories to be closed

BY DAVID WHITE — PARIS, August 21.

FIVE OF the Boussac Textile group's 19 factories in the Vosges region of Eastern France are expected to close under the Agache-Willot takeover plan approved by the Paris Commercial Tribunal on Friday.

The majority of the employees in these plants are promised retraining for other jobs in a programme of cutbacks which reduces the group's 4,700-strong workforce in the region by a net 1,200. A further 600 in total are to be re-graded.

A complete plan for the whole Boussac group with its 11,500 employees is not expected to emerge before another fortnight or so.

The Agache-Willot group, whose Fr 700m ($160m) bid was revised in order to win the day against the Bidermann menswear concern, will take over management of the Boussac group immediately although the business will remain under the aegis of the tribunal for another year.

The tribunal took direct control of Boussac after granting a stay on creditor's claims against the company three months ago.

After this initial period, Agache-Willot expects to have reached agreement with the creditor banks, which backed its bid, on a schedule for the repayment of the Fr 300m to Fr 400m they are owed.

An initial repayment instalment, including to the state, owed over Fr 100m, is expected immediately, the funds coming from the proceeds of M. Marcel Boussac's property interests. The remainder will be paid over 15 years.

M. Boussac, apparently ailing, has given his consent to the takeover, although he had come out firmly in favour of the rival bid. The solution was welcomed as "significant and exemplary" by M. Andre Giraud, the Industry Minister. The rival bid had had the support of the Government's Industrial Development Institute and would have included a Fr 200m state loan, but M. Giraud said this had been drawn up simply to provide competitive bidding conditions. The Government was content not to be financially involved.

The planned cutbacks at Boussac have however, brought strong opposition from trade unions and left-wing parties. Protest stoppages are planned tomorrow in all the group's factories.

M. Antoine Willot, one of the four brothers who run the Agache-Willot group, has been seeking to restore confidence in the factories, where it is feared, on the basis of the Willot's previous takeovers, that the cutbacks will be much more drastic than announced.

The takeover is being carried out through Saint-Freres, a subsidiary 61 per cent owned by the Agache-Willot holding company. Saint-Freres, a jute company bought by the Willots in 1969 and transformed into a plastic packaging outfit, has already been used as an intermediary for other acquisitions. It is expected now to become the instrument for restructuring the group's manufacturing activities.

Rennies executives in currency inquiries

By Our Own Correspondent

JOHANNESBURG, August 21.

SIX SENIOR executives of Rennies Consolidated Holdings the listed subsidiary in South Africa of Jardine Matheson which holds 53 per cent of the shares, are assisting police and Reserve Bank investigators with their inquiries into an alleged conspiracy to bypass the local Exchange Control regulations.

Rennies has subsidiaries and associated companies in Mozambique, Swaziland, Malawi, the UK, Rhodesia, Lesotho, Botswana, Panama and the Transkei.

Sources in the South African Treasury said at the weekend that the group itself was not involved in any allegations of Exchange Control infringements.

The shares of Rennies, whose interim figures for the six months to June 30 are expected tomorrow, fell 8 cents to 112 cents on the Johannesburg Stock Exchange today.

Barlow Rand paper merger

BY RICHARD ROLFE — JOHANNESBURG, August 21.

FOLLOWING Reed International's sale to Barlow Rand of its 62.6 per cent stake in the locally-quoted Reed Nampak, for a total consideration of R64.5m, Barlow Rand has completed what was always envisaged as the second leg of the deal, the merger of its own packaging and paper interests with those of Reed Nampak.

The "Barpak" companies, as these Barlow Rand subsidiaries are known, consisting of Barlow Packaging Investments, Cosmos Paper Products and Cleveland Partition, have been valued at R18.75m, with the terms assessed by two local merchant banks, Union Acceptances and Standard Merchant Bank. In return for the Barpak companies being injected into Reed Nampak, which is to change its name back to Nampak, Reed Nampak will issue 2.8m shares to Barlow Rand at 500c each and pay R4.75m.

The deal will raise Reed Nampak's share capital from 24m to 26.8m. Barlow Rand has indicated that it only wants 55 per cent of the enlarged group, or 14.7m shares, and has made arrangements to lay off any excess to the Old Mutual, the largest South African investment institution. After buying Reed's 15m shares and after the issue of 2.8m via the Barpak deal, Barlow Rand will be entitled to 17.8m Reed Nampak shares, so the Old Mutual will be buying 3.1m Reed Nampak for a total R13.3m.

This is Old Mutual's third largest off-market deal in as many months. It bought a large line of GFSA shares in late June for R10m and followed this up in July with the purchase of just under 3m Stanbic shares from UDCH, the local subsidiary of UDT, for R9.8m. The Old Mutual is also committed to buy any further Reed Nampak shares which may be tendered to Barlow Rand in terms of its stand-by offer at 430c, the price at which it bought control from Reed International.

The document initially issued in connection with the change of control recorded that "if all the outside shares are so offered (it) would involve a commitment of approximately R38m." With Reed Nampack now 500c in Johannesburg, Old Mutual is not likely to pick up much stock under the standby offer, which runs to September 8, unless there is a sharp break in the market meanwhile, but the commitment remains a massive one in local market terms.

Acquisition of the Barpak companies will add 3c per share to Reed Nampak's earnings, 75c over the 12 months to June 30. This suggests these companies made just over R3m of net attributable profits for the period against R18m for Reed Nampak. The acquisition will reduce Reed Nampak's net asset value from 325c based on the unaudited balance sheet at June 30 to 309c, indicating that just over R4m of the purchase price for Barpak is goodwill.

The combined group will be capitalised at R134m on current prices and will be the major paper and packing group in the republic, roughly twice the size of Kohler Bros., the Union Corporation subsidiary which is its nearest rival. Kohler Bros., with Sappi, was involved in Reed International's earlier attempt to sell its Reed Nampak stake in January, when the problematical Stanger pulp and paper mill was also part of the deal.

New terms for SNCF loan

By Francis Ghilès

THE French State railway company SNCF has renegotiated the terms of the $250m facility which it had originally agreed with banks earlier this summer. It will now pay a spread of ⅝ per cent for seven years with five years grace. These are the finest terms granted to a borrower on a major medium term facility since 1974.

Original terms included a spread of ¾ per cent for the first three years rising to ⅞ per cent for the last five. The lead manager remains Crédit Lyonnais and only one bank, AmroBank, has dropped out of the initial management group because it is unhappy with the new terms.

Since late June prime borrowers have succeeded in improving the terms on which they borrow: in particular the Electricity Council of the UK has recently raised a large loan for ten years on a split rate of ⅝ per cent for the first six years rising to ¾ per cent.

Unlike the loan for the Electricity Council which was arranged by Japanese banks, this loan is being arranged by a group of European and U.S. banks.

IEL raises McIlwraith offer

BY JAMES FORTH — SYDNEY, August 21

INDUSTRIAL Equity, a corporated takeover specialist, has stepped up its efforts to acquire shipping group, McIlwraith McEacharn with an increased offer for the company, and a separate bid for one of the largest shareholders.

IEL has been steadily buying shares in McIlwraith, which is closely associated with the interests of the prominent businessman, Sir Ian Potter, and by the start of this month had built up a stake of just under 19 per cent. IEL launched an offer of A$2.50 a share for 50 per cent of each remaining holding, which would have given it about 60 per cent of McIlwraith's capital for around A$12m.

Shareholders could offer a greater proportion of their holding if they desired. The board of McIlwraith rejected the offer as wholly unacceptable and below the underlying value of the shares. They also said that holders of more than 50 per cent of the capital would not accept.

It has since been disclosed that Thomas Nationwide Transport, long considered a potential suitor for McIlwraith, has built up a stake of just over 16 per cent, of which 5 per cent was bought since IEL made its move. Sir Ian is on the board of TNT which is headed by Sir Peter Abeles.

The third largest holder in McIlwraith is merchant bank group, Tricontinental Corporation, which is also closely associated with Sir Ian and has Sir Peter as a director. Tricontinental until last year held just over 20 per cent of the capital but sold 5 per cent to interests associated with Sir Ian and 5 per cent to TNT.

Earlier this year Tricontinental received a $A6.35m or $A2.43 a share cash bid from Torenia Holdings, whose promotors are also major shareholders in Tricontinental.

The Tricontinental board has already recommended acceptance of the Torenia bid, which they described as a "modest discount" on the stated asset backing of A$2.98 a share. IEL has now decided to offer A$2.55 a share, which if successful would give it just over 10 per cent more of McIlwraith and take its holding to about 30 per cent compared with close to 40 per cent ranged against it in the current board's camp.

The IEL directors said they considered the main attraction of Tricontinental was its remaining McIlwraith holding which had been described as a long range holding, and asked for an assurance that this stake was not already subject to any commitment, understanding or arrangement to any other person arising out of the Torenia offer or otherwise.

The Tricontinental offer will be unconditional because IEL considers that the major shareholders who are also promoters of Torenia are unlikely to accept. This would therefore not frustrate those other Tricontinental holders wishing to sell.

McIlwraith's partial bid has been lifted from A$2.50 a share to A$3.00. The formal documents will be sent out around September 11 at which time IEL also expects to announce details of a capital reconstruction for McIlwraith forecast when the initial offer was announced.

Norwegian shipping groups optimistic

BY FAY GJESTER — OSLO, August 21.

TWO LEADING Norwegian shipping groups have reported satisfactory operating results during the first half of 1978, and both are relatively optimistic about the rest of the year.

Wilh. Wilhelmsmen, Norway's largest shipping concern, says total 1978 operating profits, including financial incomes but before interest and depreciation, are likely to reach Nkr 400m, compared with Nkr 334.5m in 1977. However capital input this year is higher than in 1977, so the return on capital will be about the same as last year. Financial income is expected to be "significant," as it was last year, and the ent profits of the various shipping companies in the group will be little changed.

Though most of Wilhelmsen's fleet, numbering some 60 vessels, are still employed, the company expects the world tanker surplus to last for several years yet, and in consequence sold two ships (Templar and Turcoman) during the half year. It was also obliged to lay up two of its VLCC's, the Tartar and Tabriz.

During a brief upswing in bulk market rates, otherwise weak this year, the group fixed a couple of its ships at the better rate, and succeeded in selling a 63,000 ton bulker, Takachiho.

In the offshore sector, all the group's rigs were continuously employed, and earnings by its fleet of supply vessels were higher than expected. The liner trade shows varying results, but overall profits were about 15 per cent higher than budget forecasts. Four liner vessels were sold in the period, and a further three have been sold for hand-over before the end of this year as part of a programme to modernise the liner fleet.

The other shipping group, Sig. Bergeson d.y. and Co., reports an increase in liquidity and increased financial earnings, which are expected more or less to offset lower profits by one of the group's companies, Sigmalm. Unchanged profits are foreseen for the other companies, provided there are no drastic changes in the foreign exchange values.

The group has negotiated delivery delays for several ships it has on order, including two 330,000 ton d.w. tankers to be built by Mitsui of Japan. These will now be delivered in the first half of 1980 and the first half of 1981, instead of December 1979 and August 1980 as originally agreed. A 75,000 cubic metre gas tanker ordered from a Finnish yard will be delivered in the third quarter of 1979 instead of 1978.

Bergesen has also taken over the contracts for two other gas tankers, originally ordered by Fearnley and Eger, and due for delivery at the end of 1978 and in the second quarter of 1979. It now foresees that all three ships will have to be laid up for a time after delivery, in view of poor market prospects, but since two of them are already started, only the third will be laid up for owners' accounts.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8¾pc 1989	97¾	99
AMEV 8pc 1987	94½	95½
Australia 8½pc 1992	93½	94½
Australian M. & S. 9½pc '92	99½	99¾
Barclays Bank 8¾pc 1992	95½	96¼
Bowater 9¾pc 1992	98½	99
Can. N. Railway 8¾pc 1986	95½	96
Credit National 8¾pc 1986	97	97½
Denmark 8¾pc 1984	98½	99
ECS 9pc 1993	99½	100
ECS 8¾pc 1997	95½	96½
EIB 8¾pc 1992	96½	97
EMI 9½pc 1989	98½	99½
Ericsson 8½pc 1989	97½	98
Esso 8pc 1986 Nov.	99	100½
Gt. Lakes Paper 8½pc 1984	98½	99
Hamersley 9½pc 1992	100½	101½
Hydro Quebec 9pc 1992	97½	98
ICI 8½pc 1987	95½	96½
ISE Canada 9½pc 1986	103½	104
Macmillan Bloedel 9pc 1992	97½	98
Massey Ferguson 9½pc '91	98	98½
Michelin 9½pc 1988	99½	100
Midland Int. Fin. 8¾pc '92	97½	98
National Coal Bd. 8pc 1987	93½	94½
National Westmnstr. 9pc '86	100½	101½
Nat'l Westmnstr 9pc '86 'B'	101½	102½
Newfoundland 9pc 1989	100	100½
Nordic Inv. Bank 8¾pc 1988	97½	98½
Norges Kom. Bk. 8½pc 1992	95½	96
Norpipe 8¾pc 1989	96½	97½
Norsk Hydro 8½pc 1992	95	95½
Oslo 9pc 1988	99½	100½
Ports Autonomes 9pc 1991	98	98½
Prov. Quebec 9pc 1995	96	96½
Prov. Saskatchwn. 8¾pc '86	97½	98
Reed International 9pc 1987	93½	94½
RHM 9pc 1992	93½	94
Selection Trust 8¾pc 1989	91½	92½
Shell Intl. Fin. 8½pc 1990	95½	96
Skand. Enskilda 9pc 1991	98½	99½
SKF 8pc 1987	91½	92½
Sweden (K'dom) 8¾pc 1987	95	95½
United Biscuits 9pc 1989	97½	98½
Volvo 8pc 1987 March	93½	94½
NOTES		
Australia 7¾pc 1984	93½	94
Bell Canada 7¾pc 1987	95½	96½
Br. Columbia Hyd. 7¾pc '85	93½	94½
Can. Pac. 8¾pc 1984	97½	98½
Dow Chemical 8pc 1986	96½	97
ECS 7¾pc 1982	94	94½
ECS 8¾pc 1989	94½	95
EEC 7¾pc 1982	95½	96
EEC 7¾pc 1984	94½	95½
Enso Gutzeit 8¾pc 1984	95½	96½
Gotaverken 7¾pc 1982	95½	96
Kockums 8pc 1983	96½	97½
Michelin 8¾pc 1983	98½	99
Montreal Urban 8¾pc 1981	99½	100½
New Brunswick 8pc 1984	96½	97½
New Bruns. Prov. 8¾pc '83	99	99½
New Zealand 8¾pc 1986	95½	96
Nordic Inv. Bk. 7¾pc 1984	94	94½
Norsk Hydro 7¾pc 1982	95½	96½
Norway 7¾pc 1982	93½	94½
Ontario Hydro 8pc 1987	93½	94½
Singer 8¾pc 1982	99	99½
S. of Scot. Elec. 8¾pc 1981	98	98½
Sweden (K'dom) 7¾pc 1982	94½	95½
Swedish State Co. 7¾pc '82	95½	96
Telmex 9¾pc 1984	99	99½
Tenneco 7¾pc 1987 May	91½	92½
Volkswagen 7¾pc 1987	94½	95½
STERLING BONDS		
Allied Breweries 10½pc '90	89½	90½
Citicorp 10pc 1993	92½	93½
Courtaulds 9½pc 1989	90	91
ECS 9½pc 1989	93½	94½
EIB 9¾pc 1988	97½	98½
EIB 9½pc 1992	93½	94½
Finance for Ind. 9½pc 1987	92½	93½
Finance for Ind. 10pc 1989	94½	95½
Fisons 10½pc 1987	98½	99½
Gestetner 11pc 1988	93	94
INA 10pc 1988	93½	94½
Rowntree 10¾pc 1988	92½	93½
Sears 10¾pc 1988	92½	93½
Total Oil 9½pc 1984	89½	90½
DM BONDS		
Asian Dev. Bank 5¾pc 1988	93½	94½
BNDE 6¾pc 1988	96½	97½
Canada 4½pc 1983	97½	98½
Den Norske Ind. Bk. 6pc '90	98½	99½
Deutsche Bank 4½pc 1983	97	98
ECS 5½pc 1990	92	93
EIB 5½pc 1990	92½	93½
Elf Aquitaine 5½pc 1988	93	94
Euratom 5¾pc 1987	96½	97½
Finland 5½pc 1986	94½	95½
Forsmarks 5½pc 1990	94½	95½
Mexico 6pc 1985	95½	96½
Norcem 5½pc 1989	96	97
Norway 4½pc 1983	98½	99½
Norway 4½pc 1983	95½	96½
PK Banken 5½pc 1988	95	96
Prov. Quebec 6pc 1990	96½	97½
Rautaruukki 5½pc 1988	93½	94½
Spain 6pc 1988	95	96
Trondheim 5¾pc 1988	94½	95½
TVO Power Co. 6pc 1988	96	97
Venezuela 6pc 1988	94½	95½
World Bank 5½pc 1990	96½	97½
FLOATING RATE NOTES		
Bank of Tokyo 1984 8¾pc	99	99½
BFCE 1984 8¾pc	99	99½
BNP 1983 8 1/16pc	99½	100½
BQE Worms 1985 9pc	99	99½
CCF 1985 8¾pc	98½	99
Chase Manhttn. '93 9 5/16pc	98	98½
Creditanstalt 1984 8¾pc	98½	99½
DG Bank 1982 9pc	99½	100½
GZB 1981 8 11/16pc	99½	100½
Intl. Westminster 1984 8pc	99½	99¾
Lloyds 1983 8 13/16pc	99½	100½
LTCB 1983 8pc	98½	99½
Midland Int. FS '87 8 7/16pc	98½	98¾
Midland Int. FS '92 9 7/16pc	98½	99½
Nat. Westminstr. '90 9 5/16pc	98½	99½
OKB 1983 9¾pc	99½	100½
SNCF 1985 9 5/16pc	99	99½
Stand. and Chtrd. '84 8¾pc	98½	99½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¾pc '87	82½	84
Babcock & Wilcox 7pc '92	117½	119½
Beatrice Foods 4½pc 1992	99	100½
Beatrice Foods 4½pc 1992	112½	114
Beecham 6½pc 1992	110½	111½
Borden 5pc 1992	98	99½
Broadway Hale 4½pc 1987	76	77½
Carnation 4pc 1987	77½	79
Chevron 5pc 1988	136	137½
Dart 4¾pc 1987	83	84½
Eastman Kodak 4½pc 1988	85½	86
Economic Labs. 4¾pc 1987	78	79
Firestone 5pc 1988	79	80½
Ford 5pc 1988	84½	86
General Electric 4¾pc 1987	85	85½
Gillette 4¾pc 1987	87	88½
Gould 5pc 1987	125½	127
Gulf and Western 5pc 1988	90	91½
Harris 5pc 1992	218	220
Honeywell 6pc 1986	87	88½
ICI 6¾pc 1992	95	96
INA 6pc 1997	99	100½
Inchcape 6¾pc 1992	108½	110
ITT 4½pc 1987	79	80½
Jusco 6pc 1992	134½	135½
Komatsu 7½pc 1990	140½	141½
J. Ray McDermott 4¾pc '87	145½	147½
Matsushita 6½pc 1990	189½	191½
Mitsui 7¾pc 1990	134	135
J. P. Morgan 4¾pc 1987	101	102½
Nabisco 5pc 1988	103½	105
Owens Illinois 4½pc 1987	125½	127
J. C. Penney 4½pc 1987	76	77½
Revlon 4¾pc 1987	143	144½
Reynolds Metals 5pc 1988	87	88½
Sandvik 6½pc 1988	116	118
Sperry Rand 4¾pc 1987	98½	100
Squibb 4½pc 1987	83	84½
Texaco 4¾pc 1988	79	80½
Texas Int. Air. 7¾pc 1993	99	100
Toshiba 6½pc 1992	135	137
Ty Co. 9pc 1984	75½	77
Ty Co. [illegible] 1988	102½	104½
Union Carbide 4½pc 1982	90	91½
Warner Lambert 4½pc 1987	91½	93
Warner Lambert 4¾pc 1988	77½	79
Xerox 5pc 1988	76½	78

Source: Kidder, Peabody Securities.

OVERSEAS MARKETS

Early small Wall St. loss in reduced trade

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—101¼% (99¾%)

Effective $1.9285—49⅞% (49¾%)

A SLIGHTLY EASIER tendency prevailed on Wall Street yesterday morning in reduced activity as investors digested credit tightening moves to support the dollar.

The Dow Jones Industrial Average was a marginal 0.52 down at 896.31 at 1 pm, while the NYSE All Common Index slipped 9 cents to $58.97 and declines outnumbered gains by an eight-to-

Closing prices and market reports were not available for this edition.

five margin. Trading volume contracted to 19.09m shares from last Friday's 1 pm figure of 23.42m.

The Federal Reserve on Friday raised the Discount Rate, the rate at which it lends to member banks, by half a point to 7¾ per cent. It also boosted the Federal Funds Rate, at which member banks borrow from each other, to an apparent 8⅛ per cent from 7⅞.

Money market analysts said a further boost in the Fed Funds Rate is possible. Some stock market analysts also pointed out that the market has climbed steeply from early July and some consolidation of the gains is in order.

Goodyear Tire and Rubber led the actives list but were unchanged at $18¼—the company, together with the tyre industry in general, were the subject of a Press report. Firestone Tire eased ⅛ to $12⅞ in active trading.

Northern Natural Gas were unaltered at $33⅞—a 178,500 share block changed hands at $35½. Active Household Finance dipped ¼ to $20¼—a 121,900 share block was traded at $20¼.

Texaco picked up ⅛ to $26¾ on Friday, the company said it tested gas from a second zone in its Baltimore Canyon well.

IBM gained 1⅞ to $295¼ and Marshall Field 1½ to $23⅞, while Playboy, which reported a fiscal fourth-quarter profit after a year ago loss, added ⅜ at $24. Arcata National, which has won a $100m contract, rose $1 to $26.

Mead put on ⅜ to $32½—Occidental Petroleum has filed with the Securities and Exchange Commission for its proposed offer to exchange Occidental Preferred stock for Mead Common and Preferred. Last week, Mead rejected the bid. Occidental picked up ⅛ to $22½.

THE AMERICAN SE Market Value Index, however, improved 0.27 further to 164.79 in fairly active trading. Volume 2.48m shares (3.29m).

Active Amdahl jumped 2⅛ to $50¾ and Nolex rose $1 to $6½. Tenney Engineering gained ⅛ to $5⅞ after a late start due to an order imbalance.

Instrument Systems again led the active list but were unchanged at $1⅜. Golden Nugget rose ⅞ to $30¾ and Midland Glass 2½ to $18.

Canada

Mixed movements were recorded at mid-session yesterday after moderate activity. The Toronto Composite Index eased 1.4 to 1,237.0 at noon, while Golds declined 5.4 to 1,515.6, Oils and Gas 2.0 to 1,609.5 and Utilities 0.23 to 180.03. However, Metals and Minerals put on 1.8 to 1,042.5, Banks 0.33 to 290.28 and Papers 0.16 to 131.85.

Atco "A" fedd 1¼ to C$16⅞ — the company reported first-quarter net profits of C$2.4m, incorporating Thomson Industries for the first time, against $C2.5m a year ago.

Transcaneda Pipe, the second most active Industrial, were unchanged at C$17. Dome Petroleum said it has acquired Canadian Pacific Investment's Transcanada shares.

Germany

Share prices gained fresh ground in active trading, lifting the Commerzbank index 5.3 more to 823.4, its highest level for eight years. However, the index still lies far below its best point ever, which was 1,031.9, reached in September, 1960. The index has fluctuated widely in the last eight years, touching a low point of 520 in October, 1974.

Brokers said the further upward move followed the rise of the dollar on foreign exchange markets and was supported by continued climbs in GHH, MAN and Volkswagen shares on speculation about a possible merger between them. All three companies, however, have denied rumours of plans for a possible merger.

MAN closed up 4 at DM 213.50, GHH climbed 2.80 to DM 222 and Volkswagen advanced 4.80 to a new high for the year of DM 230.30.

Among Chemicals, Schering rose DM 7.50 and Hoechst firmed DM 1.70, while in Steels, Hoesch gained DM 1.40. Deutsche Bank put on DM 1.40.

The Stores sector was the only exception to the firm trend, with Kaufhof losing DM 2.

Public Authority Bonds shed up to 30 pfennigs, while the Regulating Authorities bought a nominal DM 3m of paper, compared with DM 18.8m last Friday. Mark Foreign Loans were mixed.

Hong Kong

After last week's strong rise, the market came back sharply on profit-taking, although prices became steadier towards the close. Turnover on the four exchanges amounted to a heavy HK$321.15m, but was below last Friday's level of HK$410.91m.

Last week's upsurge was partly fuelled by speculative interest in Hongkong and Kowloon Wharf, and the lack of any announcement from the company was a factor in yesterday's widespread retreat. Some dealers added that expectations of a rise in domestic interest rates following the U.S. Discount Rate rise also depressed sentiment.

There was substantial selling of property shares, which spearheaded the recent advance, and also Blue Chips.

Among market leaders, Hongkong Bank fell 50 cents to HK$21.40, Hongkong Land 40 cents to HK$12.40, Hutchison 25 cents to HK$6.75, Jardines 60 cents to HK$17.70 and Swire Pacific 75 cents to HK$9.65. Wheelock Marden lost 15 cents to HK$3.675 despite higher profits being announced last Friday.

Hang Seng Bank receded HK$9 to HK$172 following interim results, while among Properties, HK and Kowloon Wharf lost HK$2 to HK$36 and the Warrants HK$8 to HK$110. Cheung Kong HK$1 to HK$14.20. Swire Properties 30 cents to HK$4.40 and Tai Cheung 17.5 cents to HK$2.275, but New World rose 7.5 cents to HK$2.95.

Tokyo

Encouraged by the dollar's recovery against the yen on foreign exchange markets, stock prices were inclined to improve yesterday, but trading was very slow. The Nikkei-Dow Jones Average finished 17.77 higher at 5,513.33, while turnover came to 150m shares compared with last Friday's 170m.

Export-related issues, such as Light Electricals, Motors and Precision Machinery Manufacturers, advanced, helped by a general market belief that the U.S. Discount Rate rise to 7.75 per cent will help stabilise foreign exchange markets, but some stocks subsequently reacted on profit-taking.

Sony, the Light Electrical leader, rose Y70 to Y1,620, with some investors buying on news that the company and Prudential Insurance of America, are planning to establish a joint unit in Japan. Honda Motor rose Y6 to Y523, Toyota Motor Y7 to Y855 and Olympus Y42 to Y732.

Public Works shares, Department Stores and some speculatives also closed higher, but Oils retreated on the dollar's appreciation, while recently selected Chemicals, Pharmaceuticals, Foods tended lower on balance on profit-taking.

Toho moved ahead Y80 to Y7,150, Hisamitsu Pharmaceutical Y70 to Y1,220, Yokogawa Bridge Works Y60 to Y1,030, Maruzen Y60 to Y530, Nippon Television Network Y50 to Y5,950 and Kokusai Denshin Denwa Y50 to Y3,850.

In contrast, Kaken Chemical declined Y60 to Y3,290, Max Y35 to Y605, Riken Vinyl Industry, Y30 to Y505, Toa Paint Y29 to Y219, Toyama Chemical Y25 to Y775, SS Pharmaceutical Y24 to Y731 and Ono Pharmaceutical Y20 to Y905.

Paris

After a slightly lower opening, the market recovered somewhat on institutional intervention to finish narrowly mixed following a quiet session.

Among shares which managed to record gains were Bancaire, UCB, Locabail, Kleber, LMT, Creusot Chiers, Denain, Marine, BP, Bouygues Phenix, Nobel, CM-Industrie, UTA and Navigation Mixte.

Australia

Technical factors and a lack of Overseas buyers resulted in relatively quiet conditions yesterday following the recent strength. Markets were suffering from a breakdown in communications due to the lengthy telecommunications strike, while the Sydney market closure was interrupted for about 15 minutes by anti-Budget demonstrators who tried to break their way on to the trading floor.

Mining issues closed on a mixed note, but Industrials were firmer-inclined.

There were bright spots in the Coals sector, where White Industries advanced 17 cents to A$3.10, while the infrequently traded Bellambi gained 26 cents to A$5.86, but Coal and Allied receded 15 cents to A$4.55.

Uraniums were mainly little changed, although Pancontinental declined 50 cents to A$15.50.

In Banks, CBC rose 2 cents to A$2 on improved results, but BNS Wales shed 10 cents to A$6.66.

BHP, after reacting to A$8.12, rallied to A$8.16, off 2 cents on the day, while CSR, in Sugars, gained 4 cents at A$3.34.

Johannesburg

Gold shares were mostly weaker in a very thin business, reflecting the sharply lower Bullion price. The lower Securities Rand, which declined to 74¼ U.S. cents, was insufficient to attract U.S. and UK investors, and losses ranged to 200 cents.

Mining Financials were quietly softer in line with Gold Producers. Platinums and Coppers were mixed, while Asbestos shares were easier.

The Industrials sector was narrowly irregular in a quiet trade.

Amsterdam

Broadly higher, with the best gains occurring in stocks heavily influenced by the U.S. dollar's movement.

Among Dutch Internationals, Unilever advanced 3.3 to Fl 125.2 and Royal Dutch the same amount to Fl 134.4.

Elsewhere, OCE Van der Grinten moved ahead 5.5 to Fl 171.0 and Heineken 2.0 to Fl 105.5.

Indices

NEW YORK—DOW JONES

	Aug. 18	Aug. 17	Aug. 16	Aug. 15	Aug. 14	Aug. 11	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrial	896.83	890.12	894.58	887.15	888.17	890.86	900.12 (17/8)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	88.85	88.90	88.81	88.98	88.95	88.95	90.46 (4/1)	88.76 (11/7)	—	—
Transport	251.07	251.60	250.68	247.81	247.76	247.57	251.60 (17/8)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	106.86	106.87	106.77	106.75	106.87	107.27	110.98 (5/1)	102.84 (28/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	34,550	48,270	38,140	29,780	32,520	33,550	—	—	—	—

* Basis of Index changed from August 24

	Aug. 11	Aug. 4	July 28	(Year ago approx)
Ind. div. yield %	5.26	5.28	5.47	5.15

STANDARD AND POORS

	Aug. 18	Aug. 17	Aug. 16	Aug. 15	Aug. 14	Aug. 11	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡ Industrials	115.85	116.28	115.62	114.97	114.88	114.89	116.28 (17/8)	95.52 (6/3)	134.54 (11/1/73)	3.52 (30/6/32)
§ Composite	104.78	105.08	104.65	103.86	103.97	103.96	105.08 (17/8)	86.90 (6/3)	125.85 (11/1/63)	4.40 (1/6/32)

	Aug. 16	Aug. 9	Aug 2	Year ago (approx.)
Ind div. yield %	4.70	4.70	4.76	4.54
Ind. P/E Ratio	9.99	9.97	9.78	9.95
Long Gov. Bond yield	8.54	8.52	8.45	7.68

N.Y.S.E. ALL COMMON

Aug. 18	Aug. 17	Aug. 16	Aug. 15	1978 High	1978 Low
58.06	58.21	58.85	58.46	59.21 (17/8)	48.47 (6/3)

Rises and Falls

	Aug. 18	Aug. 17	Aug. 16
Issues traded	1,881	1,900	1,914
Rises	723	1,020	998
Falls	763	525	532
Unchanged	395	355	384
New Highs	—	—	—
New Lows	—	—	—

MONTREAL	Aug. 18	Aug. 17	Aug. 16	Aug. 15	1978 High	1978 Low
Industrial	201.94	201.75	200.20	199.87	201.94 (18/8)	162.90 (16/2)
Combined	209.32	209.53	208.66	207.59	209.32 (18/8)	170.82 (30/1)
TORONTO Composite	1238.4	1236.0	1234.6	1224.5	1238.4 (18/8)	998.2 (30/1)
JOHANNESBURG Gold	264.6	267.4	264.6	266.6	287.4 (1/8)	184.6 (30/4)
Industrial	265.6	265.5	265.4	260.5	265.6 (18/3)	194.5 (13/3)

	Aug 21	Previous	1978 High	1978 Low
Australia (¶)	536.96	535.99	535.99 (18/8)	441.19 (1/3)
Belgium (‖)	97.44	97.08	101.16 (8/6)	90.45 (23/3)
Denmark (**)	98.02	96.25	98.96 (14/8)	90.00 (6/2)
France (††)	73.9	74.4	76.5 (5/6)	47.0 (3/2)
Germany (‡‡)	823.4	811.1	823.4 (21/8)	759.4 (17/8)
Holland (§§)	87.8	88.5	[illegible] (21/8)	76.0 (4/4)
Hong Kong (¶¶)	857.00	880.12	880.12 (18/8)	383.44 (13/1)
Italy (‖‖)	68.17	65.79	68.17 (21/8)	55.45 (10/1)
Japan (a)	419.89	416.99	425.81 (15/7)	364.04 (4/10)
Singapore (b)	390.65	396.02	396.19 (17/8)	262.0 (9/1)

	Aug. 21	Previous	1978 High	1978 Low
Spain (d)	(c)	101.65	110.76 (9/6)	87.55 (17.8)
Sweden (e)	404.55	401.82	408.08 (4/8)	342.74 (3/1)
Switzerl'd (f)	286.9	287.8	306.98 (25/6)	276.0 (25/4)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300—1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec., 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 2/1/72. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

NEW YORK

Stock	Aug. 18	Aug. 17
Abbott Labs	37½	38¼
Addressograph	30¾	31½
Aetna Life & Cas	44½	44¾
Air Products	29⅞	30⅛
Alcan Aluminium	31½	31⅝
Alcoa	48	48½
Alleg. Ludlum	19⅛	19

Stock	Aug. 18	Aug. 17
Corning Glass	64	63
CPC Int'rn'tional	51	51½
Crane	33¼	32½
Crocker Nat	29¾	30
Crown Zellerbach	37½	37⅝
Cummins Engine	39½	38½
Curtiss Wright	17⅞	17⅞
Dana	31⅝	31⅛
Dart Industries	47¼	47¼

Stock	Aug. 18	Aug. 17
Johns Manville	34¼	34½
Johnson Johnson	85⅞	86⅞
Johnson Control	29	28⅞
Joy Manufactur'g	35	34¾
K. Mar Corp	29	29⅛
Kaiser Aluminium	35⅛	35⅜
Kaiser Industries	2	1⅞
Kaiser Steel	29⅜	30⅛
Kay	12⅝	12½
Kennecott	24¾	24⅛

Stock	Aug. 18	Aug. 17
Revlon	57⅝	58½
Reynolds Metals	33¼	33½
Reynolds R. J.	58⅞	59¼
Rich'son Merrell	29¼	29¼
Rockwell Inter	35⅛	35⅛
Rohm & Haas	35½	35½
Royal Dutch	61½	61⅞
RTE	14¼	15
Russ Togs	12⅜	12¼

Stock	Aug. 18	Aug. 17
Woolworth	20⅞	21
Wyly	4⅝	4⅞
Xerox	61½	62⅜
Zapata	17⅝	17½
Zenith Radio	18¼	18⅝
U.S.Treas 4% 1980	†95	†94½
US Treas 4¼% 75/85	†81⅝	†81⅛
U.S. 90 day bills	7.27%	7.17%

† Bid. ‡ Asked. § Traded. ¶ New stock.

GERMANY ◆

Aug. 21	Price Dm.	+ or —	Div. %	Yld. %
AEG	77.1	+0.1	—	—
Allianz Versich	491	+2	31.2	4.0
BMW	228.0		25.0	6.2
BASF	135.6	+0.8	18.76	6.9
Bayer	138.5	+1.2	18.75	6.8
Bayer.Hypo	288		28.12	4.8
Bayer.Vereinsbk	331		18	2.7
Cmmzbk.Net.wrt	150	+5	—	—

TOKYO ¶

Aug. 21	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	320		14	2.2
Canon	456	—5	12	1.3
Casio	765	—15	25	1.6
Chinon	469	—11	20	2.1
Dai Nippon Print	544	—1	18	1.7
Fuji Photo	535		15	1.4
Hitachi	231		12	2.6
Honda Motors	523	+6	18	1.7

AUSTRALIA

Aug. 21	Aust. $	+ or —
ACMIL (25 cents)	†0.70	+0.01
Acrow Australia	†0.86	
AMATIL $1	†2.08	—0.02
Ampol Exploration	†1.50	—0.05
Ampol Petroleum	†0.66	
Assoc. Minerals	†1.30	

OSLO

Aug. 21	Price Kroner	+ or —	Div. %	Yld. %
Bergen Bank	97	—1	9	9.3
Borregaard	86.0		—	—
Creditbank	111.5	+1.0	11	9.0
Kosmos	260.0	—32.5	20	7.7
Kreditkassen	107.25		11	10.3
Norsk Hydro Kr5	218.0	+4.5	12	4.4
Storebrand	102.5	+2.5	7	6.8

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½%
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't. Trust	10 %
Capitol C & C Fin. Ltd.	10 %
Cayzer Ltd.	10 %
Cedar Holdings	10½%
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	10 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
Corinthian Securities	10 %
Credit Lyonnais	10 %
The Cyprus Popular Bk	10 %
Duncan Lawrie	10 %
Eagil Trust	10 %
English Transcont.	11 %
First Nat. Fin. Corpn.	13 %
First Nat. Secs. Ltd.	12 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	10 %
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½%
Midland Bank	10 %
■ Samuel Montagu	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteaway Laidlaw	10½%
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.

* 7-day deposits 7%, 1-month deposits 7¼%.

† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼%, and over £25,000 8¼%.

‡ Call deposits over £1,000 7%.

§ Demand deposits 7¼%.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS

CANADA

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND ●

COPENHAGEN ✤

MILAN

VIENNA

STOCKHOLM

BRAZIL

Source: Rio de Janeiro SE

JOHANNESBURG

MINES

INDUSTRIALS

Securities Rand U.S.$0.74¼ (Discount of 35.2%)

SPAIN ▼

Source Nikko Securities, Tokyo

هدية من الرجل

FARMING AND RAW MATERIALS

Sharp fall in cocoa market

By Our Commodities Staff

COCOA PRICES fell sharply on the London terminal market yesterday, mainly reflecting a decline in the New York market on Friday evening. The December position closed £54.75 lower at £1,747.5 a tonne.

The decline was described as mainly technical. The near September position in New York was hit by heavy speculative selling in front of the first delivery notice day on Wednesday.

However, there were also trade reports of some West African new crop sales, thought to be by Nigeria.

Lost ground

World sugar values lost ground as well. Although the London daily price for raw sugar was unchanged at £91 a tonne, futures ended lower with the December position closing some £0.50 down, at £92.80 a tonne, after trading at £94 earlier in the day.

Latest West German beet tests showed a rise in the average sugar content from 12.2 per cent to 13.2 per cent, as well as an increase in the beet weight.

French beet tests, however, although showing improved results than previously are still well down on last year.

Reuter reported from Peking that China's output of sugarcane and beet in 1977-78 was 15 per cent higher than in the previous season, according to the New China News Agency.

Harvest hopes boosted by big wheat acreage rise

BY CHRISTOPHER PARKES

FARMERS IN England and Wales are now harvesting the biggest cereals acreage since the war. The area under grain this season is 3.6 per cent higher than last, with a huge increase of 188,000 hectares in the area planted with wheat.

This is 18 per cent higher than last year, according to the provisional results from the annual farm census carried out by the Ministry of Agriculture in June.

The area under barley, the main cereal crop, was down 3 per cent at 1,882,000 hectares. Officials were cautious about forecasting, but one said he would be "desperately disappointed" if there was no improvement over last year's record grain crop.

The winter barley harvest is now complete in many southern and some eastern regions, but progress has been slowed by recent bad weather in other areas.

Some mouldy grain has been found and there have been some cases of cereals germinating in the ear.

"In spite of these problems the losses have generally not been high," the Ministry claims in its weekly crop report, "and the winter barley has been generally of good quality."

The area under oats fell 8,000 hectares, there was a 6.7 per cent cut in potato plantings and livestock farmers have grown 5.8 per cent less fodder crops.

The sugar beet area rose 3.8 per cent to 210,000 hectares and the total amount of land in arable use rose 1.9 per cent.

Last year's grain harvest yielded 16.9m tonnes, after two years affected badly by drought. This exceeded the previous record yield of 1974 by 500,000 tonnes.

First estimates of this year's national crop will be published by the Ministry's advisory services at the end of this month.

The dairy herd in England and Wales is stable. While there have been modest reductions in numbers in the east, south-east and East Midlands, these have been balanced by small increases elsewhere in the country.

On the other hand, there has been a sharp drop in the beef breeding herd. The number of beef-type cows in calf in June was 7 per cent lower than a year earlier, although there was a 2 per cent rise in the number of beef heifers pregnant with their first calves.

The Ministry statisticians have also detected the first concrete signs of the long-awaited recovery in the pig breeding herd. A 14 per cent increase in the number of young females in-pig and a 1 per cent rise in the number of pregnant sows has been concentrated mainly in the northern region and East Anglia.

Confident sheep farmers expanded their breeding stocks by 5 per cent and seemingly overconfident egg producers had expanded more than 4 per cent. However, the Ministry warns, this increase in the laying birds should be treated with caution.

The number of broilers on farms declined 5.8 per cent over the year to 44m and there was a 26 per cent slump in the number of turkey hens kept for breeding.

There was also a further reduction in the number of regular full-time workers in the industry. The male workforce fell 4,400 (2.9 per cent) and the number of females dropped 500 (3 per cent).

Apparently to compensate for this continued drift from the land there was a 5 per cent rise in the number of seasonal and casual workers employed on farms.

Commenting on the census, Mr. John Silkin, Minister of Agriculture, said it presented "a very encouraging picture."

The results, he added, "confirm the wisdom" of Government agricultural policy.

Copper stocks fall again

By Our Commodities Editor

ANOTHER FALL in warehouse stocks, and the decline in the value of sterling against the dollar, gave a firm undertone to the copper market on the London Metal Exchange yesterday.

But early gains were eroded by selling later, and cash wirebars closed only £2.25 up at £735.75 a tonne in very quiet trading conditions

The fall of 3,025 tonnes in copper stocks held in LME warehouses reduced total holding at 460,275 tonnes to the lowest level since November 1975, and some dealers are anticipating a much bigger decline this week.

In contrast, a rise of 340 tonnes in tin stocks raising total holdings to 2,745 tonnes was rather larger than expected, and another increase as a result of fresh arrivals is being forecast.

As a result, standard grade cash tin closed £5 lower at £6,760 a tonnes despite a big rise of $M26 to $M1,856 a picul in the Penang market over the weekend.

The three months quotation also failed to sustain a rise through the £6,800 barrier again and fell back to close at £6,725 after briefly trading at £6,805.

Lead and zinc also failed to hold early price rises reflecting the weakness of sterling and warehouse stocks falls, and both closed marginally lower.

DEMAND RISE BOOSTS TEA

THERE WAS a general rise in tea prices yesterday at the London auction, which was described as the best sale for several weeks.

Improved buying demand brought a sharp rise for plain tea prices in particular. The average price rose from 60p to 68p a kilo. Medium grades gained 4p to 110p and quality 2p to 130p a kilo.

PAKISTANI AGRICULTURE

Crisis in Punjab bread basket

BY OUR OWN CORRESPONDENT — ISLAMABAD, August 21.

IN A twist of the old saying that an army marches on its stomach, the military government in Pakistan is now realising that regimes can topple if a nation's stomach is not kept filled.

This year's poor wheat harvest in Pakistan means the country is going to require imports of about 2.2m tonnes, or an extra 25 per cent of last winter's crop. It is needed to meet the demands of the urban rationing system. History has shown that when governments change in Pakistan popular demonstrations in the towns and cities have brought them down.

The critical point is still several months off but the now admitted shortages have led the Government into a series of near panic measures. They have assured the public that stocks are being built up and special committees set up to ensure the movement of imports from Karachi port up country goes smoothly.

Khawaja Mohammed Safdar, the agriculture minister, claimed that 1m tonnes had been bought from abroad already and negotiations for another 1m tonnes were continuing. He said 150,000 tonnes were arriving in Karachi this month and a ½m tonnes would be arriving each subsequent month.

According to foreign aid experts here, this is either a very optimistic interpretation of the present state of affairs or a downright lie. These experts say only about ½m tonnes has been assured so far, mainly from the U.S. under its concessionary wheat aid or favourable credit terms. Pakistan is said to be still hunting for the rest.

The Government of General Zia-Ul Haq obviously hopes it will get supplies, but it had a temporary set back from the western nations who expressed their surprise at a meeting in Islamabad in late July that Pakistan's demands for wheat aid had gone up to the 2.2m tonnes figure. At the Paris aid-to-Pakistan consortium meeting a month earlier, the figure indicated was only 1.5m.

The consortium members (and Australia, which joins with them on wheat discussions) said they would go away and ask their respective Governments how they could help.

In the meantime they asked Pakistan to come up with better ideas on how it was to prevent a shortfall in similar years, to coax them along the consortium cancelled a meeting in Washington which had been intended to discuss Pakistan's claim further.

The attitudes of the various Governments in the consortium do not appear optimistic. Without committing their capitals, diplomats privately explain their positions as follows. The U.S. is already giving a large amount of food aid and cannot suddenly deprive other underdeveloped nations to help Pakistan.

Australia has had a less than good wheat harvest and does not have the stocks. Canberra supplied more than a quarter of Pakistan's demand last year of 1m tonnes. It was asked for more but did not have it.

The other major wheat exporter, Canada, again does not have a large amount in stock and is heavily committed anyway to supplying China in commercial deals.

Furthermore there is a view that Pakistan is not a deficit food country like Bangladesh, for it exports rice. The peasants and townfolk might have a preference for wheat flour chapatis, but need they go hungry?

The European consortium members, of which Britain is one, do not have the wheat anyway, but they could make funds available to buy it elsewhere.

This raises the critical question. The country with a wheat surplus sufficient for Pakistan's needs is neighbouring India. What could be more simple than just bringing it by train across the borders?

The unfortunate answer is that almost anything could be easier. Pakistan's pride and fear of hegemony make it almost impossible for it to buy wheat from India and certainly not accept it on concessionary terms. India might be prepared to sell but only at the market rate, and only if it was not a hidden deal.

The question is so sensitive that a report from Delhi a few weeks ago that such a deal was being discussed met with an avalanche of denials and condemnations from Pakistan, India and the World Bank, which chairs the consortium meetings.

The mention of India raises the question why the bread basket of the Punjab proves bountiful on one side of the border and not the other.

Agronomists point out that the Pakistan Punjab is a bowl holding the rain water while the water in the India Punjab has a nice slope to drain off. But there are also questions of land reforms, seed distribution and precautions against rust.

Publicity is now being given in Pakistan to the five-year plan and the testimonies of some foreign experts that the country can become self-sufficient by 1982 if the present facilities are only utilised properly. That seems a distant hope when the remedial measures are already too late to have an effect on the coming winter's crop.

UK butter stocks rise

By Our Commodities Staff

STOCKS of British-made butter held off the market under EEC intervention schemes have increased steadily this summer. At the end of July there were almost 77,000 tonnes in cold stores.

More than 30,000 tonnes were held under private storage schemes through which producers are paid subsidies from the Community Farming Fund.

The aim is to delay the sale of the butter for several months and thus to prevent depressing prices by overloading the market. A further 17,000 tonnes were in the official intervention agency.

In the first seven months of the year the Intervention Board bought 21,074 tonnes of butter and sold almost 11,000 tonnes.

Coffee quota bid expected

BY RICHARD MOONEY

AS THE world coffee market calms down following last week's Brazilian frost, major producing countries today begin a critical meeting in Bogota, the Colombian capital, aimed at deciding their strategy for next months' International Coffee meeting in London.

Rumours that a price support policy has already been agreed have been hotly denied by the producers. But it is confidently predicted by some market sources that proposals for a quota system to control world coffee exports will be discussed at the Bogota session.

Sr. Camillo Calazans, president of the Brazilian Coffee Institute, announced last week that he planned to attend the meeting.

The producers will probably decide to seek a ceiling of less than 50m bags (60 kilos each) on world coffee exports. And if the limit is not too far below this level they could attract support from many consumers.

Most major coffee roasters would prefer to see the market remain relatively stable for a while, possibly helped by export curbs, rather than a sharp decline in prices followed by an equally strong upsurge following the next crop "disaster."

A quota system for supplies would simplify one side of the coffee equation and, other things being equal, could allow the rebuilding of stocks to a level which would inhibit violent price fluctuations such as have plagued the market in recent years.

But it would do nothing to clarify the other side of the equation—the demand picture—which has been the coffee market's most perplexing mystery for some time.

Roasters argue that it is vital both to their own interests and those of the producers that the market should enjoy a period of reasonably stable prices so that demand can have a chance to recover from the traumas of the past two years.

World export demand, which reached around 55m bags before the 1975 frost, has since slipped well below 50m bags and until recent falls in raw coffee prices have worked through to the instant coffee market the present picture will remain unclear.

On the London futures market yesterday the November quotation fell to £1,352 a tonne, £59.5 below Friday's closing level. But this is still £150 above the price ruling before the recent frost.

Next year's Brazilian crop prospects are still unclear following frost damage last week in the three major coffee states of Parana, Sao Paulo and Minas Gerais.

Last Friday the Coffee Institute estimated that the 1978-79 Parana crop had been cut from 8.3m bags to 3m out of a total Brazilian output of 16.1m bags. This indicates a 34 per cent cut from the original estimate

The Sao Paulo crop estimate has been cut to 5.6m bags from 8m. originally, and Minas Gerais' to 5.2m. from 5.5m.

The Coffee Institute yesterday reopened export registrations, which were suspended during the frost scare, at unchanged levels.

Spanish fishermen angered by EEC curbs

BY ROBERT GRAHAM — MADRID, August 21.

MEMBERS of Spain's northern fishing fleet based in the Basque country and Galicia have called on the Government to consider retaliatory measures against the nine members of the EEC for the damage caused by their virtual exclusion from fishing in Community waters.

From tomorrow the new Community licensing arrangements will come into force drastically reducing the number of Spanish vessels fishing in EEC waters.

Owners and fishermen in the northern fleet affected, some 600 vessels and over 20,000 men, have been alarmed for over six months at the consequences of the extension of EEC territorial waters to 200 miles and the imposition of strict catch limits.

But as the deadline for withdrawing from EEC waters approaches neither the Government nor the fishermen seem to have much idea on how to face the situation.

Over the weekend members of the northern fleet sent a telegram to Sr. Adolfo Suarez, the Prime Minister, demanding among other things that Spain close the Straits of Gibraltar to all EEC vessels in retaliation.

While this is seen as rhetoric, the fishermen are understood to be considering more practical measures. One of them is the formation of pickets to prevent the sales of all imported fishing goods from those countries whose waters they have previously fished most — France, Ireland and the UK.

The Government has been negotiating with the EEC in the hope of obtaining 250 licences but has only been conceded 121.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Slightly firmer on the London Metal Exchange. A fall in warehouse stocks coupled with the weakness of sterling against the dollar saw forward metal rise to £736 in the morning. Thereafter the price eased in quiet trading to close on the late kerb at £751. Turnover 19,000 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £740.5, £740, three months £755, 55.5, 56, 56.5, 56, 55.5, 55, 54.5. Cathodes, cash £732. Kerb: Wirebars, three months £754, 53.5, 53, 52.5, 53. Afternoon: Wirebars, three months £735.5, 52, 51.5, 51. Cathodes, three months £743. Kerb: Wirebars, three months £751, 51.5.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	740-5	+5.75	735.5-6	+2.25
3 months	754-5	+5.5	751-.5	+1
Settl'm'nt	740.5	+5.5	—	......
Cathodes				
Cash	732-.5	+5	727-8	—1.5
3 months	737.5-8.5	+2.25	745-.5	—1.75
Settl'm'nt	753.5	+5	—	......
U.S. Smt	—	......	63-66	......

TIN—Barely changed. The further rise in the Penang price and the weakness of sterling against the dollar pushed forward standard metal up to £6,800 on the pre-market. However, the market failed to hold this level following a larger than expected increase in stocks and the price fell back to £6,710 owing to profit-taking and hedge selling prior to recovering to £6,720 on the late kerb owing to covering against U.S. physical demand. The backwardation narrowed on expectations of fresh arrivals from the east. Turnover: 1,685 tonnes.

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SILVER

GRAINS

RUBBER

EASIER opening on the London physical market. Little interest throughout the day, closing dull. Lewis and Peat reported a Malaysian godown price of 242 (243) cents (buyer, Sept.).

SOYABEAN MEAL

SUGAR

COCOA

COFFEE

WOOL FUTURES

MEAT/VEGETABLES

PRICE CHANGES

Price per tonne unless otherwise stated.

	Aug. 21 1978	+ or —	Month ago
Cocoa Shipment	£1,778	—55.0	£1,831
Future Nov.	£1,747.5	-54.75	£1,750.5
Coffee Future Nov.	£1,352	—59.5	£1,903.5
Cotton 'A' Index	75.7c	—0.4	70.55c
Rubber kilo	56.75p	—0.5	52p
Sugar (Raw)	£91	......	£82.0
Wooltops 64s kilo	278p	......	285p

* Nominal. † New crop. ‡ Unquoted. m June-Aug. n July-Sept. q Sept. r Oct. s Sept.-Oct. u Aug.-Sept. x Per ton. z Indicator price.

INDICES

FINANCIAL TIMES

Aug. 18	Aug. 17	Month ago	Year ago
247.00	246.71	234.80	239.94

(Base: July 1, 1952=100)

REUTER'S

Aug. 21	Aug. 18	Month ago	Year ago
1464.0	1440.5	1416.4	1485.1

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Aug. 18	Aug. 17	Month ago	Year ago
Spot	365.25	366.63	352.41	352.74
Futures	366.33	366.81	338.01	325.52

(Average 1924-25-26=100)

MOODY'S

Moody's	Aug. 18	Aug. 17	Month ago	Year ago
Staple Commdty	935.5	929.5	917.4	854.1

(December 31, 1931=100)

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.80-£5.00, codlings £3.50-£3.90; large haddock £4.00-£4.50, medium £3.20-£3.80, small £2.90-£3.00; large ...

Dock carriers

Mersey Docks and Harbour's maintenance division is refurbishing straddle carriers cannibalised to keep others in operation at the specialised container terminal in the Royal Seaforth Dock. Two carriers are back in service and three others are nearing ...

Danes may have to dump cod at sea

HANSTHOLM, DENMARK, August 21.

DANISH FISHERMEN will probably have to ditch valuable catches at sea from midnight tonight because they have misunderstood a Government ban on landing North Sea cod, reports Reuter.

Mr. Svend Heiselberg, Fishermen's Association chairman, said today: "They are likely to have to jettison hundreds of thousands of crowns worth at sea because many of the boats that operate far out cannot reach Denmark before the deadline."

He said the problem arose because many fishermen misunderstood the North Sea cod ban, announced last Wednesday, to mean that fishing could continue until midnight tonight.

Denmark has an annual quota of 32,000 tonnes of North Sea cod.

Indian jute target raised

NEW DELHI, August 21.

INDIA SET a jute production target of 7.6m bales of 180 kgs each for 1978-79, according to an official review of agricultural prospects, reports Reuter.

The review says jute production in 1977-78, July to June, is expected to be 7.12m bales, slightly less than the 7.4m target set.

The target for cotton output has also been raised to 7.5m bales of 170 kilos each in the 1978-79 cotton year, September to August.

Production this year is expected to be about 7m bales, about 4 per cent lower than the peak production in 1971-72.

Cotton production fluctuates widely since 75 per cent of the crop is grown on unirrigated land and is dependent on monsoon rains. But it is proposed to extend the intensive cotton district programme to 24 districts at a cost of Rs550m in the coming season.

A production target of 10.8m tonnes has been set for major oilseeds.

World meat output rise forecast

WASHINGTON, August 21.

MEAT PRODUCTION in the U.S., Japan, Canada, and the European Economic Community is forecast at 46.9m tonnes in 1978, slightly above 1977's 46.7m tonnes, according to the U.S. Agriculture Department, reports Reuter. This forecast includes beef, veal, pork, mutton, lamb

STOCK EXCHANGE REPORT

Diverse trends continue at start of holiday Account

Equity index gains 6.3 to 519.2—Gilts remain unsettled

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Aug. 7	Aug. 17	Aug. 18	Aug. 30
Aug. 21	Aug. 31	Sep. 1	Sep. 12
Sep. 4	Sep. 14	Sep. 15	Sep. 26

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

No doubt encouraged by indications that the recent increase in consumer demand was beginning to have a favourable impact of the level of activity in the manufacturing sector, small public buying interest made quite an impression in equity markets yesterday. Late in the day, the effects of a stock shortage became quite noticeable and the resultant rise in leading industrials left the 30-share index a net 6.3 higher at 519.2; at the 3 pm calculation the rise had been less than half that amount.

Meanwhile, British Funds continued in the opposite direction, having to contend with fairly aggressive initial selling of both shorter and longer maturities. This was not connected with sterling's latest reaction which was expected following last Friday's U.S. measures, including a hike in short-term interest rates, aimed at stabilising the dollar.

Weekend comment suggesting *that investment funds were* building up in the equity sector assured renewed firmness at the start of the holiday account but the tempo of the advance was *slow because some potential* buyers were mindful of the possible Ford Motor challenge to the Government's 5 per cent pay limit.

Activity was thus usually confined to special situation stocks and those the subject of newspaper mention, although ICI were relatively well traded among the leaders with hopes strengthening that the company will report a cheerful interim statement on September 7. Overall business, measured by the number of bargains marked, however, was at its lowest since August 1.

Gilt-edged securities lost around ½ in the first half an hour of business when most the day's trade was done, rallied slightly and then eased again to close with falls of that amount. Recent hopes of a fall soon in Minimum Lending Rate were further doused by the Federal Reserve Board's increase in short-term U.S. interest rates, the first in a series of actions promised in support of the dollar. Corporations of a nearer maturity were unsettled and losses extending to a full were established before the announcement of a new £5m issue of Kensington and Chelsea Variable 1983 stock.

In reference to 3M UK 4.3 per cent preference, dealings in last Saturday's issue under Rule 163 (2) (a) should have been shown as 62½, ½.

Mirroring the lower rate for sterling, the investment currency premium moved higher. Business was rather light but arbitrage and *institutional* interest took the premium up to 102¼ per cent before a close of 101¾ per cent for a net gain of 2¼ points. Yesterday's SE conversion factor was 0.6672 (0.6690).

Of the modest total of 543 contracts completed in Traded Options yesterday, ICI contributed 309 or just under 57 per cent. Interest was enlivened by the approaching interim results due on September 7. Price of the October 420 series hardened 1½ to 8p.

Banks mixed

Narrow irregular price movements were the order of the day in the banking sector following a thin trade. **Lloyds** softened 2 to 272p and **Barclays** edged forward a penny to 355p. Insurances closed firmer in places, **Matthews Wrightson** picking up 7 to 192p and **Hambro Life** 5 to 380p.

Press comment directed attention to **Distillers** which closed 4½ better at 201p xd following a reasonable turnover. **Highland** were similarly influenced at 155p, up 3, while **A. Bell**, 290p, and **Invergordon**, 151p xd, put on 4 and 6½ respectively.

Buildings made a bright showing, with buying again centred mainly on Contracting and Construction issues. Still reflecting a recent investment recommendation, **Richard Costain** moved ahead further to close 6 dearer at 236p. **Taylor Woodrow**, 447p, **Tilbury Contracting**, 298p, and **Marchwiel**, 158p, recorded rises of around 5, while **Pochins** firmed 7 to 170p in a limited market. Elsewhere, **London Brick** traded firmly ahead of Thursday's interim statement, *rising 3 to 80p*, while **Blue Circle** half-yearly results also due on Thursday, improved a similar amount to 297p.

ICI gradually edged higher to close 8 up at a new peak for the year of 410p.

Jas. Walker wanted

Stores started the new Account firmlyq and displayed some outstanding features by the close. Still waiting further news of the *bid discussions.* ***Bourne and*** **Hollingsworth** attracted renewed speculative support and finished 18 higher at 280p, while demand of a similar nature on bid hopes lifted **James Walker** 15 to 118p and the N/V 18 to 115p. **Bambers** rose 15 to 130p on Press comment, while Press-inspired improvements of 9 and 1½ were also seen in **A. G. Stanley**, 148p, and **Selincourt**, 29½p, while **K. O. Boardman International** ended 1½ better at 17p, after 17½p, in *response to the results and news* of a large shareholding changing hands. **Owen Owen** added 6 at 118p and **Raybeck** 5 to 96p. Reports of buoyant consumer spending in the first half of August helped the leaders; improvements of 4 were recorded in **Marks and Spencer**, 92p, and **House of Fraser**, 170p; the latter's interim results are due on Thursday. **Gussies "A"** improved 8 to 322p and **Burton "A,"** still on bid hopes, firmed 3 to 158p. Among Shoes, **Allebone** added 4½ at 29p, after 30p, following Press comment.

Still reflecting recent Press comment, **Wholesale Fittings** improved 14 to 212p for a two-day gain of 24. **Philip's Lamp,** also *helped by Press comment, rose* 10 to 945p, while further consideration of the results lifted **Pifco A** 5 to 105p. In thin markets, **Farnell Electronics** rose 7 to 360p and **Electrocomponents** 15½ to 520p xd. **Thorn Electrical** also continued firmly, rising 5 to 396p xd, while **GEC** closed 3 firmer at *315p and* ***EMI*** *4 better at 151p.*

Firm features were plentiful among secondary Engineerings. Suspended last Friday at 36p fol*lowing news of a bid approach,* **Bonser** returned and closed 5 higher at 41p and 2 below the bid terms offered by the privately-owned Kaye Organisation. De*mand ahead of their preliminary* results due tomorrow and Thursday respectively left **Victor Products** 6 higher at 202p and **Aeronautical and General** 10 to the good at 81p, while speculative buying fuelled by bid suggestions prompted a jump of 12 to 288p in **Adwest.** Press comment drew buyers' attention to **B. Elliott**, 139p, and **Danks Gowerton**, 84p, which rose 3 and 4 respectively and **Charles Baynes** added 3 at 30p in response to the higher interim profits. Further consideration of the agreed counter-bid from Johnson Firth Brown left **Weston-Evans** 6 higher at 158p and renewed speculative *support helped* ***ML Holdings*** *to* rise 5 to 172p. The leaders closed at the day's best after a late pick up. Still reflecting last week's generous nationalisation payment, **Hawker** *added 6 to 248p.*

Continuing hopes of early news about compensation payment helped **Vosper** to put on 10 at 216p and **Yarrow** *to improve 4 to* 306p among Shipbuilders.

Associated Dairies featured in a firm Food sector, rising 11 to 238p *in a restricted market* on buying in anticipation of tomorrow's preliminary figures. **Spillers** moved up 2 to a 1978 peak of 37p on vague rumours, while investment demand left **Unigate** 3 harder at 65p and **J. Lyons** 4 better at 133p. Renewed speculative interest raised **Barker and** ***Dobson*** *1½ to 15p, while other firm* spots included **Cullen's Stores**, 4 up at 132p, and **Rowntree Mackintosh**, 7 to the good at 413p. In Supermarkets. **Tesco** were active and 1½ better at 52p. **William Morrison** were wanted at 96p, up 4, following Press comment.

Further investment buying ahead of the 100 per cent scrip-issue on September 4 helped **Pilkington** to close 21 higher at a 1978 peak of 644p. Publicity given to a broker's circular helped **Glaxo** harden 8 to 630p, while **Beecham** ended a like amount dearer at 715p. Continuing to *draw strength from last week's* better-than-expected second-*quarter figures,* **Unilever** added 12 at 592p. Elsewhere, **Ricardo** jumped 42 to 305p in belated response to last Friday's announcement of a dividend-boosting rights issue and on further consideration of the group's growth potential. *After* Friday's Press-inspired gain of 18, **AGB Research** rose 12 further to 146p and **Brook Street Bureau** firmed 3 to 88p in response to an investment recommendation. **Gripperods** encountered good support and rose 6 to 60p.

Norton and Wright, up 7 more at 210p xd in continuing response to the recent good results and 100 per cent scrip issue, again provided the main feature in the *Leisure sector. Favourable week-*end Press mention left **Horizon Midlands** 3 to the good at 107p and **Coral Leisure** a similar amount dearer at 104p.

Motors and Distributors made a firm showing, share prices being helped by fresh evidence of the boom conditions currently being *enjoyed by the industry. Still* reflecting hopes of substantial orders from China, **Dowty** rose 4 to a 1978 peak of 258p xd. **ERF** finished a like amount harder at 121p ex the scrip issue, while the U.S.-based **Dana Corporation** reflected currency influences with a rise of 1¾ points to £24¼. **Kwik-Fit** improved 3 to 56½p. **Lex Service** were quoted 1½ easier at 84½p ex the rights issue while the new nil-paid shares opened at 7½ premium and, after a fair trade, closed at the same price.

Collett Dickenson firmed 3 to 78p on a week-end Press suggestion that **Saatchi and Saatchi**, down 2 at 174p, may bid for the company.

Selective demand was evident in the Property sector. Leaders to edge higher included **MEPC**, 3 firmer at 142p, and **Land Securities**, 2 to the good at 238p. **British Land** continued to benefit from the reduced annual loss and *improved afresh to 47p before* settling a shade dearer on balance at 46p. **Chesterfield** firmed 5 to 350p, while further demand in a restricted market left **Glanfield Securities** similarly better at 295p. **Bellway** gained 2½ to 71½p.

Oils good

A lively interest developed in the Oil sector where **British Petroleum** encountered further buying and pushed ahead to close *18 higher at the day's best of* 904p. **Shell** also found favour and put on 10 to 587p, while **Royal Dutch** gained ½ to £47⅞. **Ultramar** rallied further to 256p, up 6. Among the more speculative issues, news of the temporary suspension of **Siebens (Canada)** prompted a revival of bid hopes in **Siebens (UK)** which moved ahead to 396p before settling at 390p for a rise of 26 on the day. **Oil Exploration**, 16 up at 214p, took a *turn for the better after* last week's setback.

Inchcape returned to favour, rising 7 to 377p, while other firm Overseas Traders included **S. and W. Berisford** and **Sime Darby** both of which finished 6 better at 164p xd and 258p respectively.

Press comment on the industry failed to create much interest in Investment Trusts which hovered around the opening levels and *closed little changed. Still reflect*ing the agreement reached on the sale of the company's major Canadian investments, **Atlantic Assets** hardened 3 to 115p for a two-day gain of 11. Gains of a few pence were also recorded in **Aberdeen Investments**, 60p, and **Second Alliance**, 213p, while **New** ***Throgmorton Capital*** *put on 5 to* 146p. In Financials, speculators showed interest in **Majedie Investments**, 3 better at 69p.

Mersey Docks Units *rose 3½ to* 35½p in sympathy with the nationalisation stocks.

Textiles edged higher with **Courtaulds** closing 4 better at 123p.

South African Industrials adopted no set pattern. **Abercom Investments** finished 9 cheaper *at 108p xd, but renewed* interest raised **Hulett's** 8 to 105p and **Greatermans A** 10 to 155p. Apart from **Guthrie**, 12 higher at 370p, activity in Plantations was at low ebb and prices were rarely altered.

Golds down again

The sharp recovery in the dollar and resultant weakness in the bullion price—finally $4.75 lower at $205.625 per ounce—caused further widespread and heavy losses in South African Golds for the fifth consecutive trading day.

The Gold Mines index dropped 6.4 more *to 179.7*—a five-day fall of 26.9.

After being marked down at the outset, prices lost further ground *throughout the day following* modest selling from all quarters. There was no support in after-hours trading and closing quotations were usually the day's lowest.

Among heavyweights, **West Driefontein** met sustained selling and dropped *£1¼ to £23¼*, while losses of around a point were common to **Randfontein**, £38¼, **Vaal Reefs**, £15 and **Western Holdings**, £22.

Although easier, South African Financials did not fully reflect the decline in Golds. **De Beers** eased 2 to 440p in front of the half-year results due to be published tomorrow; **Anglo American Investment Trust**, which has a substantial holding in De Beers gave up ¾ to £46¼ in sympathy. **Gold Fields of South Africa** fell ½ to £14 despite the increased profits and dividend, which were announced after market hours on Friday.

London-registered Financials moved only narrowly with prices sustained by the firmness of UK equities.

Platinums recouped most of initial losses with **Rustenburg** 2 higher on balance at 102p, after 97p.

Australians lacked direction reflecting the uncertain trend in overnight domestic markets. Fresh speculative interest lifted **Northern Mining** 4 to 122p.

In Tins, **Saint Piran**, 2 better at *a 1978 high of 64p, responded to* the sharply higher profits and increased dividend.

Elsewhere, **Sabina** rose 3 to 67p following news that **Messina** is taking up its option on the Irish lead/zinc property in which it is partnered with the former. **Barymin** put on 5 to 57p reflecting good local demand.

FINANCIAL TIMES STOCK INDICES

—	Aug. 21	Aug. 18	Aug. 17	Aug. 16	Aug. 15	Aug. 14	A year ago
Government Secs.	70.45	70.73	70.89	71.09	71.15	71.00	70.61
Fixed Interest	72.52	72.81	72.83	73.89	72.89	72.80	70.10
Industrial Ordinary	519.2	512.9	509.3	510.0	511.2	513.5	469.8
Gold Mines	179.7	186.1	187.9	196.2	201.0	206.6	112.8
Ord. Div. Yield	5.16	5.22	5.27	5.28	5.28	5.26	5.33
Earnings, Y'ld%(full)(*)	15.41	15.59	15.72	15.89	15.92	15.88	15.12
P/E Ratio (net)(*†)	8.62	8.52	8.45	8.36	8.34	8.37	9.56
Dealings marked	4,541	5,679	4,997	5,646	5,097	5,618	5,652
Equity turnover £m	—	100.81	79.65	76.41	71.24	69.16	56.46
Equity bargains total	—	20,738	14,665	17,674	21,347	17,522	15,518

10 am 513.3. 11 am 514.5. Noon 515.0. 1 pm 515.2.
2 pm 515.2. 3 pm 515.9.
Latest index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=9.43.

B Basis 100 Govt. Secs.-15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (3/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	519.2 (21/8)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8)	130.3 (6/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 21	Aug. 18
—Daily		
Gilt-Edged	126.6	164.9
Industries	169.2	207.6
Speculative	38.6	48.4
Totals	103.4	139.5
5-day Average		
Gilt-Edged	146.9	155.7
Industrials	190.5	198.2
Speculative	50.2	54.0
Totals	118.2	123.1

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Aug. 15	Aug. 29	Nov. 9	Nov. 21
Aug. 30	Sep. 11	Nov. 23	Dec. 5
Sep. 12	Sep. 25	Dec. 7	Dec. 19

For rate indications see end of Share Information Service

Money was given for the call in English Property, British Land, Tesco, Haden Carrier, Borune and Hollingsworth, Talbex, MFI Furniture, Spillers, KCA International, Lesney Products, Paringa, Allied Irish Bank, Oliver Rix, Cope Sportswear, Intereuropean Properties and Consolidated Plantations Warrants, while a double was arranged in Talbex.

LONDON TRADED OPTIONS

Option	Ex'rcise price	October Closing offer	October Vol.	January Closing offer	January Vol.	April Closing offer	April Vol.	Equity close
BP	750	160	—	178	—	—	—	905p
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	13	410	+ 8	410	328
AGB Research	10p	10	146	+12	146	79½
Shell Transport	25p	9	587	+10	587	484
BP	£1	8	904	+18	904	720
Inchape	£1	8	377	+ 7	445	350
Barclays Bank	£1	7	355	+ 1	368	296
Beecham	25p	7	715	+ 8	720	583
De Beers Defd.	R0.05	7	440	− 2	464	285
EMI	50p	7	151	+ 4	190	130
GEC	25p	7	315	+ 3	315	233
Glaxo	50p	7	630	+ 8	630	515
Marks & Spencer	25p	7	92	+ 4	92	67½
Ricardo Eng.	25p	7	305	+42	305	107
Grand Met.	50p	6	117½	+ ½	121	87
Pilkington	£1	6	644	+21	644	422

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (154)

COMMONWEALTH & AFRICAN LNS. (1)
AMERICANS (3)
CANADIANS (1)
BANKS (1)
BUILDINGS (14)
CHEMICALS (5)
DRAPERY & STORES (18)
ELECTRICALS (6)
ENGINEERING (26)
FOODS (4)
INDUSTRIALS (32)
LEISURE (3)
MOTORS (5)
NEWSPAPERS (2)
PAPER & PRINTING (3)
PROPERTY (9)
SHIPBUILDERS (2)
SHIPPING (1)
SHOES (2)
SOUTH AFRICANS (1)
TEXTILES (2)
TRUSTS (7)
OILS (2)
RUBBERS (1)
MINES (3)

NEW LOWS (3)

BRITISH FUNDS (2)
Exch. 12pc '99-02 (£15 pd.)
Treasury 5½pc '08-12
LOANS (1)
Met. Water 3pc B

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	1	43	14
Corpns. Dom. and Foreign Bonds	3	11	58
Industrials	539	181	829
Financial and Prop.	145	72	285
Oils	13	8	16
Plantation	5	2	24
Mines	34	55	44
Recent Issues	4	7	26
Totals	786	375	1,308

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+or—	Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price	+or—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p:	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+or—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Aug. 21, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (ACT at 34%)	Gross Div. Yield % (ACT at 34%)	Est. P/E Ratio (Net)	Fri. Aug. 18 Index No.	Thurs. Aug. 17 Index No.	Wed. Aug. 16 Index No.	Tues. Aug. 15 Index No.	Year ago (approx.) Index No.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES	Mon. Aug. 21	Day's change %	xd adj. To-day	xd adj. 1978 to date
British Government				
1 Under 5 years	[illegible]	[illegible]	[illegible]	[illegible]
2 5-15 years	[illegible]	[illegible]	[illegible]	[illegible]
3 Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]
4 Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]
5 All stocks	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.	Mon. Aug. 21	Fri. Aug. 18	Year ago (approx.)
1 Low Coupons 5 years	[illegible]	[illegible]	[illegible]
2 15 years	[illegible]	[illegible]	[illegible]
3 25 years	[illegible]	[illegible]	[illegible]
4 Medium Coupons 5 years	[illegible]	[illegible]	[illegible]
5 15 years	[illegible]	[illegible]	[illegible]
6 25 years	[illegible]	[illegible]	[illegible]
7 High Coupons 5 years	[illegible]	[illegible]	[illegible]
8 15 years	[illegible]	[illegible]	[illegible]
9 25 years	[illegible]	[illegible]	[illegible]
10 Irredeemables	[illegible]	[illegible]	[illegible]

	Mon., Aug. 21 Index No.	Yield	Friday Aug. 18	Thurs. Aug. 17	Wed. Aug. 16	Tues. Aug. 15	Mon. Aug. 14	Friday Aug. 11	Thurs. Aug. 10	Year ago (approx.)
15 20-yr. Red. Deb & Loans (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16 Investment Trust Prefs. (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17 Coml. and Indl. Prefs. (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

هكذا من الاصل

AUTHORISED UNIT TRUSTS

Midland Bank Group Unit Trust Managers Ltd.♥ (a)
Courtwood House, Silver Street, Head Sheffield, S1 3RD. Tel: 0742 79842

Commodity & Gen.	75.6	81.4	+0.2	4.79
Do. Accum.	87.2	93.8	+0.2	4.79
Growth	39.6	42.4	+0.4	2.66
Do. Accum.	42.4	45.6	+0.4	2.66
Capital	30.7	32.8	+0.1	2.83
Do. Accum.	33.3	35.8	+0.1	2.83
Income	55.5	59.4	+0.3	6.09
Do. Accum.	64.8	69.3	+0.3	6.09
International	50.8	54.9	+0.6	2.05
Do. Accum.	54.1	58.5	+0.6	2.05
High Yield	65.9	70.2	.....	7.71
Do. Accum.	69.9	74.5	.....	7.71
Equity Exempt*	106.1	112.0	.....	5.49
Do. Accum.*	106.1	112.0	.....	5.49

*Prices at July 31. Next dealing August 31.

CLIVE INVESTMENTS LIMITED

1 Royal Exchange Ave., London EC3V 3LU. Tel: 01-283 1101.
Index Guide as at August 15, 1978 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	132.07
Clive Fixed Interest Income	114.65

CORAL INDEX: Close 518-523

INSURANCE BASE RATES

†Property Growth	10¼%
†Vanbrugh Guaranteed	8.87%

†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	24	......	—	—
40	33	Do. 5pc Pref.	40	......	—	—
98	98	Chilean Mixed	98	......	—	£3.10
415	350	German Yng. 4½pc.	411	......	4½	—
54	46	Greek 7pc Ass.	54	......	3½	£6.60
51	46	Do 6pc 28 Stab Ass.	51	......	6	£5.98
44	40	Do 4pc Mixed Ass.	43	......	4	£4.65

BONDS & RAILS—Cont.

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 48¾% (based on US$1.9290 per £)
Conversion factor 0.6672 (0.6690)

CANADIANS

[illegible]

S.E. List Premium 48¾% (based on $2.1959 per £)

BANKS AND HIRE PURCHASE

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's	P/E
[illegible]								
196	157	Gerrard Natal	188	......	8.29	—	6.6	—
50	37	Gibbs (A.)	49	+1	2.23	—	6.8	—
255	195	Gillett Bros. £1	227	......	15.41	—	10.1	—
29	19	Goode D't Mry.5p	25	......	0.13	—	0.8	—
137	96	Grindlays	137xd	+2	2.79	7.2	3.0	4.9
260	185	Guinness Peat	250	+4	†10.15	—	6.1	—
217	155	Hambros	184	......	9.76	—	7.9	—
100	81	Hill Samuel	98	+1	4.97	—	7.6	—
600	325	Do. Warrants	425	......	—	—	—	—
360	203	Hong Shng $2.50.	356	−2	hQ59c	—	1.9	—
69	52	Jessel Toynbee	58	......	h3.32	—	8.5	—
215	160	Joseph (Leo) £1	200	−10	8.74	—	6.5	—
52	37	Keyser Ullmann.	48	+1	0.67	—	2.1	—

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

FINANCIAL TIMES

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FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh.50c	177	......	Q50c	1.3	24.1
24	15	Rhod n Corp 16½p.	19	......	0.57	7.1	4.5
80	52	Roan Cons. K4	70	......	—	—	—
186	122	Tanganyika 50p	178	—3	Q10.0	1.2	5.6
90	78	Do. Pref. 80p	87	......	Q9%	16.3	8.3
41	32	Wankie Col. Rh.1	37	......	†Q7½c	1.4	17.3
17½	10	Zam.Cpr.SBD0.24	15½	......	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	13	......	—	—	—
140	64	Bougainville 50 Toea	139	+1	†Q8c	1.4	3.6
125	63	BH South 50c	114	+1	—	—	—
820	150	Central Pacific	600	...	—	—	—
306	148	Conzinc Riotinto	298	—2	Q10c	2.2	2.1
72	45	G.M. Kalgoorlie $1	65	...	—	—	—
68	19	Hampton Gold N.L.	67	...	—	—	—
140	81	Hamptn Areas 5p	132	...	13.55	2.0	4.0
40	10	Metals Ex 50c	26½	+1½	—	—	—
223	125	M.I.M. Hldgs. 50c	220	—2	Q9c	1.7	2.5
39	10	Mount Lyell 25c	31	...	—	—	—
6½	1½	Newmetal 10c	5¼	...	—	—	—
143	79	North B. Hill 50c	128	...	Q8c	1.5	3.9
16½	8½	Nth. Kalgurli	15½	...	—	—	—
48	12	Nth. West Mining	45	+1	—	—	—
178	117	Oakbridge $A1	172	.....	†Q11c	1.9	4.0
70	30	Pacific Copper	58	...	—	—	—
£15½	750	Pancont'l 25c	£14	....	—	—	—
40	12	Paringa M&Ex.5p	25½	....	—	—	—
554	310	Peko-Wallsend 50c	542	......	Q15c	4.0	1.7
300	50	Southern Pacific	225	...	—	—	—
160	84	Westn. Mining 50c	147	—2	Q3c	ϕ	‡
70	35	Whim Creek 20c	50	+5	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
30	25	Amal. Nigeria	24	+1	2.55	1.6	15.9
420	240	Ayer Hitam $M1	420	......	[illegible]	0.9	‡
60	45	Beralt Tin	57	......	3.81	4.4	10.4
305	200	Berjuntai $M1	300	......	Q110c	ϕ	7.9
145	111	Geevor	140	......	0.04	ϕ	5.4
10½	8½	Gold & Base 12½p	10¼	......	—	—	—
315	220	Gopeng Cons.	310	......	15.23	0.9	7.4
210	130	Hongkong	210	......	—	—	—
93	78	Idris 10p	88	......	‡12.0	1.6	‡
11	9	Jantar 12½p	9	......	—	—	—
84	68	Kamunting $M0.50	84	......	ZQ15.5c	0.7	4.0
625	450	Killinghall	625	......	Q125	ϕ	20.0
470	280	Malay Dredging $M1	470	......	†Q95c	0.8	4.3
78	40	♠Pahang	77	......	‡Q5.75c	0.5	‡
68	50	Pengkalen 10p	68	+3	6.60	1.5	14.5
270	165	Petaling $M1	270	......	†Q80c	1.6	6.8
64	49	Saint Piran	64	+2	2.03	ϕ	4.8
61	47	South Crofty 10p	61	......	4.19	2.0	10.2
245	140	South Kinta $M0.50	245	......	†Q77.8c	1.4	6.8
340	230	Sthn Malayan $M1	335	—5	†Q131.3c	1.1	8.4
240	134	Sungei Besi $M1	243	......	Q65c	ϕ	5.8
85	55	Supreme Corp. $M1	80	......	ZQ10c	—	2.7
100	85	Tanjong 15p	90	......	6.60	0.8	10.9
100	74	Tongkah Hrbr. $M1	90	......	[illegible]	1.6	‡
270	148	Tronoh $M1	265	......	ZQ38c	1.6	7.1

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
104	70	Messina R0.50	92	—2	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
61	35	Barymin	57	+5	—	—	—
17	9	Burma Mines 17½p.	13	......	—	—	—
300	215	Cons. Murch. 10c	250	—5	‡Q30c	2.6	‡
465	245	Northgate C$1	400	......	—	—	—
248	164	R.T.Z.	244	......	9.5	2.8	5.8
90	30	Sabina Inds. C$1	67	+3	—	—	—
£12	750	Tara Exptn. $1	875	+13	—	—	—
71	43	Tehidy Minerals 10p	71	+4	ϕ1.35	ϕ	2.8
185	120	Yukon Cons. C$1	182	—3	Q7c	2.9	1.8

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ‡ Regional price.
- || No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 22

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	25½	......
Ash Spinning	45	......
Bertam	20	—1
Bdg'wtr. Est. 50p	310	......
Clover Croft	26	......
Craig & Rose £1	520	+15
Dyson (R. A.) A.	38	......
Ellis & McHdy.	61	......
Evered	17	......
Fife Forge	52	......
Finlay Pkg. 5p	21	......
Graig Ship. £1	120	......
Higsons Brew	77	......
I.O.M. Stm. £1	155	......
Holt (Jos.) 25p	260	......
Nthn. Goldsmith	67	......
Pearce (C. H.)	155	......
Peel Mills	20	......
Sheffield Brick	46	......
Sheff. Refrshmt.	62	......
Sindall (Wm.)	105	......

IRISH

Conv. 9% '80/82	£92⅝	—⅛
Alliance Gas	65	......
Arnott	360	......
Carroll (P.J.)	103	—2
Clondalkin	96	......
Concrete Prods.	135	......
Heiton (Hldgs.)	50	......
Ins. Corp.	160	......
Irish Ropes	130	......
Jacob	63	......
Sunbeam	33	—1
T.M.G.	230	+5
Unidare	110	......

OPTIONS

3-month Call Rates

Industrials		I.C.I.	20	Tube Invest.	30
A. Brew	6½	"Imps"	6	Unilever	35
A.P. Cement	18	I.C.L.	20	Utd. Drapery	7½
B.S.R.	9	Inveresk	8	Vickers	15
Babcock	11	KCA	3	Woolworths	5
Barclays Bank	25	Ladbroke	17	**Property**	
Beecham	35	Legal & Gen.	14	Brit. Land	3¼
Boots Drug	15	Lex Service	7	Cap. Counties	4½
Bowaters	16	Lloyds Bank	22	E.P.	5
B.A.T.	24	"Lofs"	4	Intreuropean	4
British Oxygen	6	London Brick	5	Land Secs.	16
Brown (J.)	20	Lonrho	5	MEPC	12
Burton 'A'	12	Lucas Inds.	25	Peachey	8
Cadburys	5	Lyons (J.)	10	Samuel Props.	9
Courtaulds	10	"Mams"	7	Town & City	1¼
Debenhams	8	Mrks & Spncr	10	**Oils**	
Distillers	15	Midland Bank	25	Brit. Petroleum	45
Dunlop	7	N.E.I.	12	Burmah Oil	5
Eagle Star	11	Nat West Bank	22	Charterhall	3
E.M.I.	14	Do. Warrants	10	Shell	28
Gen. Accident	17	P & O Dfd.	8	Ultramar	20
Gen. Electric	18	Plessey	8	**Mines**	
Glaxo	40	R.H.M.	5	Charter Cons.	12
Grand Met.	9	Rank Org. 'A'	18	Cons. Gold	14
G.U.S. 'A'	20	Reed Intnl.	12	Rio T. Zinc	16
Guardian	18	Spillers	3		
G.K.N.	22	Tesco	4		
Hawker Sidd.	20	Thorn	22		
House of Fraser	12	Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday August 22 1978

Angry Israel blames Britain for killings

BY OUR FOREIGN STAFF

BRITISH SECURITY arrangements which failed to prevent Palestinian guerrillas from attacking an El Al crew in central London on Sunday were criticised yesterday.

There was particular anger in Israel because the Israeli security men with the crew were unable to shoot back. Britain insists that the guards hand their guns to police at Heathrow before going into town.

As security around Israeli targets in London was being increased, Israeli warplanes pounded two Palestinian bases south of Beirut in retaliation for Sunday's attack, killing three people and injuring several more.

The Foreign Office expressed its sympathy for the victims of both attacks, and voiced its regret over the reprisal raid, which, it said, "merely perpetuates the cycle of violence."

At Scotland Yard, Commander James Nevill, whose anti-terrorist branch is leading the investigation, attended a top-level conference yesterday. He said his staff were ready to tackle terrorism in London. "Our police officers can and will be armed when this is necessary," he said.

Scotland Yard is constantly reviewing measures to protect likely targets, police said, but *they refused* to respond to the Israeli criticism. Whitehall officials said that the police were doing their best but that it was impossible to guarantee complete security.

Mr. Mordechai Hod, managing director of El Al, admitted that the Palestinians appeared to have found a weak spot in the airline's security. But he, too, was sharply critical of the British refusal to let El Al security men carry guns in London.

"If the British claim that they *are responsible for* security, then they must now bear the responsibility *for* what happened," Mr. *Hod declared.*

Increasing

Mr. Meir Amit, Israel's Transport Minister, said that Sunday's attack, in which two people died, appeared to be part of a pattern of increased Palestinian activity prior to next month's Israel-Egypt-U.S. summit meeting at Camp David.

His information was general, mainly concerning plans for raids inside Israel, "but that does not rule out the need for *stepped up alertness, or at least* it shouldn't have."

He promised tougher security measures and *announced* the setting up of a joint committee to devise ways of carrying them out. One step might be to restore the rule that El Al staff must not wear uniform except when on duty at the airport.

It was felt in Israel that a group of uniformed Israeli's presented too good a target in London, which is considered to be heavily infiltrated by Arab gunmen.

Mr. Mordechai Ben-Ari, the airline's executive chairman, said that the company would be recommending to the British Government ways to tighten security precautions. Responsibility for the maintenance of law and order was "totally" the responsibility of the UK Government, he said.

● Dr. Rhodes Boyson, Opposition spokesman on education, yesterday called on Britain to call an international conference to stamp out terrorism. He also *wants tighter security in* London.

"I am very concerned about *the growing practice of* Arab terrorists using the streets of London to settle their international struggles," he said.

"More emphasis must be placed on security, closer checks must be made at airports and seaports of people entering this country and full co-operation should be offered to other countries in a bid to stamp out terrorism."

Retaliation raid Page 4

Talks on £50m coal contract in final stages

BY JOHN LLOYD

BRITISH COAL International, the consultancy wing of the National Coal Board, is in the final stages of negotiating a contract worth about £50m to UK *companies.*

The contract, believed to be with the government of a South *American country, is for a deal* to expand the country's coal production and find markets for it.

Discussions have taken place between the foreign government and the British mining equipment companies to ensure the supply of mining machinery and coal preparation plant.

PD-NCB, 50 per cent owned by the Coal Board and 50 per cent by Powell-Duffryn, is to assess the equipment requirements and will draw up a production plan aimed at giving the customer the maximum cost benefit and the most effective cash flow, thus reducing the time it will be dependent on loan facilities.

Meetings with the Export Credits Guarantee Department and other Government departments involved in setting up overseas projects have been arranged.

It is understood that a consortium of UK mining machinery companies will lead the project, while British Coal International will co-ordinate the peripheral activities.

A second project, also nearing the end of negotiations, would involve British Coal International together with other UK nationalised industries in construction of an opencast mine and railway and dock facilities.

The coal would be shipped from the port to a power station, which is not included in the package. It is thought that this contract is with the Australian Government, though no figure for *the scheme is yet available.*

● Increased production from the UK's coal mines will be unlikely *to find expanding markets in the* European Community, according to Mr. Ronald Findlay, director *of the National Coal Board's* international department.

In the Colliery Guardian's annual *review of the coal industry*, Mr. Findlay writes that the "serious situation of other Community coal industries, the short-term attitudes of consumers, in particular, in the non-coal producing countries (which are disposed to take the exceptionally low-priced coal at present available on the world market in preference to Community coal), and the limits on the extent to which selling in competition with such *coal is financially* acceptable, are all factors making for difficulties in disposing of more *British coal in the Community.*"

The Coal Board had hoped that the EEC countries would take *about 5m tonnes of power station* (steam) coal over the next few years to ease the problem of *overproduction which the Board* faces soon.

However, a scheme for steam coal subsidies has so far failed to be agreed by the Council of Ministers.

Mr. Findlay argues that without mechanisms to ensure disposals of the Community's coal stocks, the productive capacity will be threatened.

"Although appropriate proposals have been submitted by the European Commission to the Council of Ministers, practically no progress has been made by the Council towards adopting them."

THE LEX COLUMN

British Land on firmer ground

British Land's accounts confirm that the group can now be *numbered with confidence* among the survivors of the great property crash. After five years in which pre-tax losses have aggregated nearly £17m., the group seems to be heading for a small surplus during 1978-79. A dividend of some sort is in view within the next couple of years. The balance sheet gearing, though still *formidable*, is getting close to the level that British Land thinks is appropriate for its *kind of business. And the* auditors, who last year qualified the accounts on a going concern basis, have given them a clean bill of health this time around.

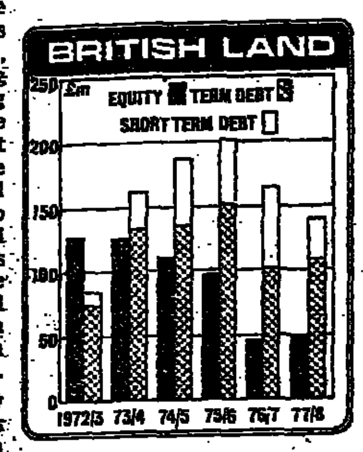
The problems of the past few years—which took the shares down to just 4p at one stage in 1974—were in British Land's view mainly the result of its need for bridging finance on a development programme which peaked at just the wrong time—btween 1973 and 1977. Runaway finance costs and a shrinking equity base were the result. But although the equity was substantially diluted by last year's refinancing, the group has managed to hang on to a substantial part of its portfolio during the storm and now it is *seeing the other side* of the coin. New lettings and reversions mean that property income could be close to the 1977-78 figure this year despite £14m of disposals since March. And the retail side (Dorothy Perkins) is doing well.

The property sales take current debt down to around £125m, of which the bulk is in the form of term loans. Shareholders' funds are shown in the *balance sheet at £49m following* an independent revaluation of just under a third of the portfolio, which produced a small surplus. The directors reckon that the rest (£124.7m) is worth nearly £13m more than the book figure. Most of this *surplus arises at Plantation* House, which is now put at a cool £60m.

From this base, the group is moving on to a slightly more *expansive tack.* Capital commitments, which were shown in last year's accounts at just £4.5m, are now put at £9.6m. And the substantial cash deficits which were threatened at the time of the refinancing are now brushed aside as being no *longer a worry.*

Obviously there are hurdles still to be jumped. But these numbers justify the recent strength of the shares, which at 46p stand at a discount of about two-fifth on the directors' estimate of fully diluted net assets.

Index rose 6.3 to 519.2



Hogg Robinson

After the merger of Lloyd's insurance broker Leslie and Godwin with the third largest quoted broker in the U.S., Frank B. Hall, other big British brokers are examining their U.S. links, and wondering whether they are as strong as they ought to be. Thus Hogg Robinson, in its annual report, lays emphasis on its effort to increase its involvement in North America. So far it has no direct representation, although it does have commercial links with several medium sized U.S. groups.

Its total North American portfolio, relative to other brokers, is small; last year U.S. dollar brokerage accounted for just over 15 per cent. of the total. But although further commercial links are likely, there is little sign that a Leslie-Hall type merger is on the cards.

Siebens

The Hudson Bay Company appears to have been motivated mainly by price in its decision to sell its key holding of 35 per cent in Siebens, the Canadian oil and gas exploration company. This, together, with the holdings of the Siebens family, will ensure the success of Dome Petroleum's bid for the company.

Siebens is growing by leaps and bounds. The company has already predicted that *its* net earnings for 1978 will be 40 per cent up on the C$1.56 reported for 1977—or about C$2.18 per share. This year Siebens is *spending* C$35m on oil and gas exploration, the bulk of it in Canada, against C$26m last year.

The rationale for Dome would appear to be that it wants to increase its income from oil production to make full use of tax write offs on unsuccessful exploration.

The share price of Siebens when the quotation was suspended yesterday was C$38¼. Most Canadian oil stocks are priced at a p/e ratio of between 8 and 10, so allowing a substantial premium for a complete takeover, terms of around $C40 *per share are indicated. Initial* signs are that Siebens Oil and Gas (UK), the North Sea Oil exploration company, will not be affected by the deal. It is felt in Toronto that Siebens' 32 per cent stake in the British company will merely be taken over by the new owners of the parent.

Amalgamated Metal

Yesterday's half-yearly report from Amalgamated Metal Cor*poration comes as a preliminary* to the complex formal offer from the German group Preussag which will be sent out to shareholders later this week. Second quarter pre-tax profits of £3.13m compare with a small loss last year after the excep*tional fraud provision of £1.8m* and with £5.79m at the six months stage AMC is well ahead of the corresponding period—which produced only £4.19m even with the provision added back. Tin smelting and industrial activities are responsible *for the gains, much more than* offsetting a slight setback on London Metal Exchange activities.

All this will help the Board in seeking to encourage UK minority shareholders to retain their shares rather than accept *the Preussag offer, which is* designed for the purpose of switching control from Patino to Preussag. *At 345p AMC's price* is in any case slightly above the 333p per share underwritten cash value of the Preussag paper. There is a slight complication, in that since the terms were announced the Preussag share price has risen and the *DM has strengthened, making* the non-underwritten paper offer worth more like 360p. However, this does not look enough to have any bearing on the outcome.

TUC facing showdown on recruiting dispute

BY ALAN PIKE, LABOUR CORRESPONDENT

AN ATTEMPT to prevent the TUC general council's forcing senior engineers and managers to join established industrial unions until an investigation into inter-union disputes procedures has taken place will be made at the annual congress in Brighton next month.

The stage appears set for a full-scale debate arising from the increasingly bitter recruiting war in the engineering, shipbuilding and related industries between *rival TUC unions seeking to* represent senior staff.

The congress will be asked by the *Engineers and Managers* Association, which has 44,000 members, to recognise that the *principles of fair treatment of* all affiliates despite the fundamental differences between craft, *general and industrial unions* should apply equally to a fourth type of organisation, "namely those specialist unions representing managers." A congress acceptance of this principle would be a great stride forward in the association's efforts to establish the right of professional engineers and managers to belong to a union catering for their specific interests.

The association's efforts to enter the engineering and shipbuilding industries are meeting with fierce resistance from existing unions in the Confederation of Shipbuilding and Engineering Unions. They argue that they can cater for the needs of all staff, however senior, and are opposed to any extension of their recognition rights to other unions.

The association has twice lost at TUC disputes committee hearings following complaints that its recruiting efforts in engineering companies were encroaching on another union's territory, and British Shipbuilders has still to reach a final decision on whether it will grant the association national recognition.

Peace moves

In an amendment for next month's congress the association *asks delegates to reaffirm that* the general council and disputes committees are required to *operate "in a fair and consistent manner"* and that disputes committees have no power to create new Bridlington principles.

Another amendment has been *tabled by the Engineers and* Managers Association to a motion calling for an investigation and review of the procedures governing inter-union disputes.

It asks the congress to instruct the general council to ensure that while the inquiry is in progress "no attempts should be made using the existing procedures to impose industrial trade unionism on groups of members who believe their trade union interests are better served by smaller affiliated unions catering solely for their particular needs."

TUC staff have recently *stepped up their attempts to* conciliate in inter-union disputes, and Mr. Len Murray, general *secretary, and other officials have* frequently spoken on the need to rationalise organisation and *avoid inter-union fights.* However, a congress debate on recruitment problems at this *delicate stage would highlight a* range of differences among TUC-affiliated unions.

The original motion calling for an investigation comes from the National Graphical Association, *whose assistant general secretary*, Mr. Tony Dubbins, recently described the recruiting efforts *of some unions as "licensed* gangsterism."

Plea to curb special steel imports

BY ROY HODSON

THE NATIONAL Economic Development Office's iron and steel sector working party has urged Government action against cheap special steel imports from the Continent.

Following an independent study, NEDO has concluded that steel industry complaints of unfair competition are justified and that serious damage to the independent British steelmakers will result unless action is taken.

The sector working party has written to Mr. Eric Varley, Industry Secretary, *this week* informing him of the results of an investigation spanning several months. *The NEDO committee is* recommending that the Government quickly applies "remedial *action to help the British steel* industry."

The independent steel producers concerned are mostly in the Sheffield area but include some in Manchester and the North East.

The British Independent Steel Producers' Association has been campaigning for months for action against rising imports of three types of special steel—high-speed steel bar, tool steel, and stainless steel bar.

It is contended that in one month recently sufficient stainless steel bar was shipped to Britain from European producers to meet the entire needs of the market for that period. Imports of all three categories *of steel are regularly exceeding* half the British market requirements on a monthly basis.

No accurate figures *for 1978* consignments are available. But British companies facing the *European competition say they* are being forced out of business by consignments of cheap steel dumped by Continental producers.

SPECIAL STEEL IMPORTS

(% of British market)	1971	1974	1977
High speed steel bar	1	19	30
Tool steel	8	22	49
Stainless steel bar	5	25	69

Mr. Stanley Speight, the Master Cutler and chairman of Neepsend, a special steels producer, said: "The whole future of the Sheffield steel industry is in doubt unless action is taken to stop this growing wave of cheap imports."

West Germany is believed to have captured almost one-quarter of the British market in some classifications of special steel within a few months. Other sources of the imports include Sweden, Austria, France and Italy.

Some steel arriving from EEC *nations is thought to* have originated in Comecon countries.

The prospect of the over*capacity crisis in international* bulk steel production becoming more serious during the autumn will be discussed today at the Brussels meeting of Eurofer, the club of European steelmakers.

The steel companies are anxious to restore discipline in their ranks to give the Davignon Plan for European steel protection a fair chance to succeed.

The new disorder in the special steels trade now acknowledged *by NEDO is by comparison a* sideshow which the major companies would like to see settled by restraints agreed between individual European governments and producers.

BOCM-Silcock in discounts probe

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

LOYALTY DISCOUNTS gaven to companies by BOCM-Silcock, the leading processor of compound animal feedstuffs in the UK, *are to be studied by the* Monopolies Commission as part of its trade discounts investigation.

This was revealed yesterday by Mr. Roy Hattersley, Prices Secretary, *and follows a highly* critical Price Commission report alleging price collusion by the six leading companies in the industry.

Mr. Hattersley said yesterday that inquiries by the Director General of Fair Trading "have disclosed an unregistered and therefore unlawful agreement between a number of suppliers."

These suppliers had operated since 1970 a common pricing agreemnt which was abandoned at the beginning of May this year following the Price Commission's *criticisms.*

Although the suppliers have since sought formallly to register their price agreement under the Restrictive Trade Practices Acts of 1976 and 1977, it emerged *yesterday that they are still* forbidden to adopt common pricing until their case had been considered by the Restrictive Practices Court.

Alcan price increases average 8%

By Roy Hodson

AN AVERAGE 8 per cent increase in the price of some aluminium products was announced by Alcan Aluminium (UK) yesterday.

Alcan has more prices changes in the pipeline and will announce a new price for primary aluminium ingot next month.

In previous price rises in *the* industry Alcan has been regarded as the market leader. Last *night other companies* were considering the Alcan moves.

The Price Commission has been notified that the prices charged by Alcan Aluminium for plate, special sheet products, *extruded products, foil, and* finished products, will be raised from the beginning of September.

Dome in move to buy Siebens Oil and Gas

BY NICHOLAS COLCHESTER

DOME PETROLEUM, the Canadian oil and gas exploration company, is believed to be taking over Siebens Oil and Gas in a deal worth close to C$400m (£180m).

Siebens has a stake in the North Sea via its 32 per cent stake in Siebens Oil and Gas UK.

The Siebens family, which has a controlling holding in Siebens, has agreed to sell to Dome—and so has the other major shareholder, the Hudson Bay Company, which has a 34.6 per cent stake.

Pending announcement of the deal, the shares of Dome Petroleum, Hudson Bay and Siebens Oil and Gas were suspended in Canada yesterday morning.

The closing price of Siebens on Friday was C$36¼ and there are 9.2m shares in issue. The management of Dome Petroleum conceded that announcement of a deal was imminent.

Weather

UK TODAY

DRY and sunny in S., cloudy and some rain in Wales, Midlands and N.

London, S. England, E. Anglia, E. Midlands, Channel Isles

Mainly sunny at first, cloudy later, warm. Max. 21C-23C (70F-73F).

E., and Cent. N. England, W. Midlands, S. Wales

Dry at first, cloudy perhaps *with rain later, cool.* Max. 16C-18C (61F-64F).

N. Wales, N.E. and N.W. England, Lakes

Cloudy, rain, brighter later. Max. 17C-19C (63F-66F).

Isle of Man, Borders, Edinburgh, Dundee, Aberdeen, S.W. Scotland, Glasgow, Cent. Highlands, Argyl, N. Ireland

Dry, sunny intervals. Max. 17C-19C (63F-66F).

Moray Firth, N. Scotland, Orkney, Shetland

Sunny intervals, scattered showers. Max. 14C-16C (57F-61F).

Outlook: Mostly dry and sunny after little rain in S.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amsterdm	F	20	68	Luxemb'g	F	26	79
Athens	F	29	84	Madrid	S	32	90
Bahrain	S	34	93	Manchestr	C	18	64
Barcelona	S	27	81	Melbourne	C	12	54
Beirut	S	28	82	Mexico C.	C	16	61
Belfast	C	19	66	Milan	S	26	79
Belgrade	F	22	72	Montreal	S	18	64
Berlin	S	24	75	Moscow	C	18	64
Birmghm	F	19	66	Munich	S	23	73
Bristol	C	19	66	Newcastle	C	19	66
Brussels	C	19	66	N. York	S	22	72
Budapest	C	21	70	Oslo	C	20	68
B. Aires	C	15	59	Paris	F	22	72
Cairo	S	34	93	Perth	S	19	66
Cardiff	F	19	66	Prague	S	23	73
Chicago	S	28	82	Reykjavik	F	11	52
Cologne	S	24	75	Rio de J'o	S	27	81
Copnhagen	S	22	72	Rome	S	29	84
Dublin	C	21	70	Singapore	R	23	73
Edinburgh	C	17	63	Stockholm	S	24	75
Frankfurt	S	24	75	Strasbourg	S	28	82
Geneva	S	24	75	Sydney	S	16	61
Glasgow	R	16	61	Teheran	S	31	88
Helsinki	F	19	66	Tokyo	S	24	75
H. Kong	C	23	73	Toronto	C	20	68
Jo'burg	S	19	66	Vienna	F	23	73
Lisbon	S	29	84	Warsaw	F	22	72
London	S	22	72	Zurich	S	25	77

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	S	26	79	Jersey	S	17	63
Algiers	S	27	81	Las Plms	S	25	77
Biarritz	F	25	77	Locarno	S	25	77
Blackpool	C	17	63	Majorca	S	28	82
Bordeaux	S	27	81	Malaga	S	27	81
Boulogne	S	18	64	Malta	S	29	84
Casablanca	S	29	84	Nairobi	C	19	66
Cape Town	S	17	63	Naples	S	30	86
Corfu	S	29	84	Nice	S	25	77
Dubrovnik	S	27	81	Oporto	S	19	66
Faro	S	30	86	Rhodes	S	28	82
Florence	S	30	86	Salzburg	S	24	75
Gibraltar	S	27	81	Tangier	S	31	88
Guernsey	F	16	61	Tenerife	S	23	73
Innsbruck	S	26	79	Tunis	F	27	81
Inverness	C	17	63	Valencia	S	29	84
Isle of Man	C	15	59	Venice	S	26	79
Istanbul	F	22	72				

S—Sunny. F—Fair. C—Cloudy. R—Rain.

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Dollar

the dollar to 4.8 per cent above last Tuesday's low against the D-mark, to 7.8 per cent above the Swiss franc low and to 6.2 per cent above its weakest level compared with the Japanese yen.

The recovery in the dollar has been mirrored by a sharp fall in the price of gold in the London bullion market. The price per ounce dropped to a low of $204¾, and the closing level of $205⅝ was still $4⅞ down on the day, $10⅞ below the all-time high of a week ago.

Movements in sterling were overshadowed by the recovery of the U.S. currency. The rate dropped by 1.45 cents to $1.9285 after a low of $1.9195. This compares with a peak last Tuesday of just over $2.00.

The pound appreciated slightly against the French franc and the Swiss franc, and the trade-weighted index was unchanged at 62.3.

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More air delays likely

imposed on and off since the middle of July.

The various unions' national bureaux will then decide on the form of the go-slow.

The generally moderate Force Ouvrière union has called on other technical staff to join the movement to increase its impact on flights in and out of France.

Traffic at French airports this weekend is likely to be heavier, since families on holiday from the beginning of the month will be returning.

The controllers may also decide to clamp down more heavily on traffic volume.

The unions expressed their disappointment after meetings with Government representatives on Friday and Saturday, having suspended their action in acceptance of the Government's conditions for renewing negotiations.

The controllers want bonuses, which account for up to 40 per cent of their income, lumped together with their salaries, to guarantee the same rate of increase.

The Government has agreed to maintain the real value of some bonuses and revise others.

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